

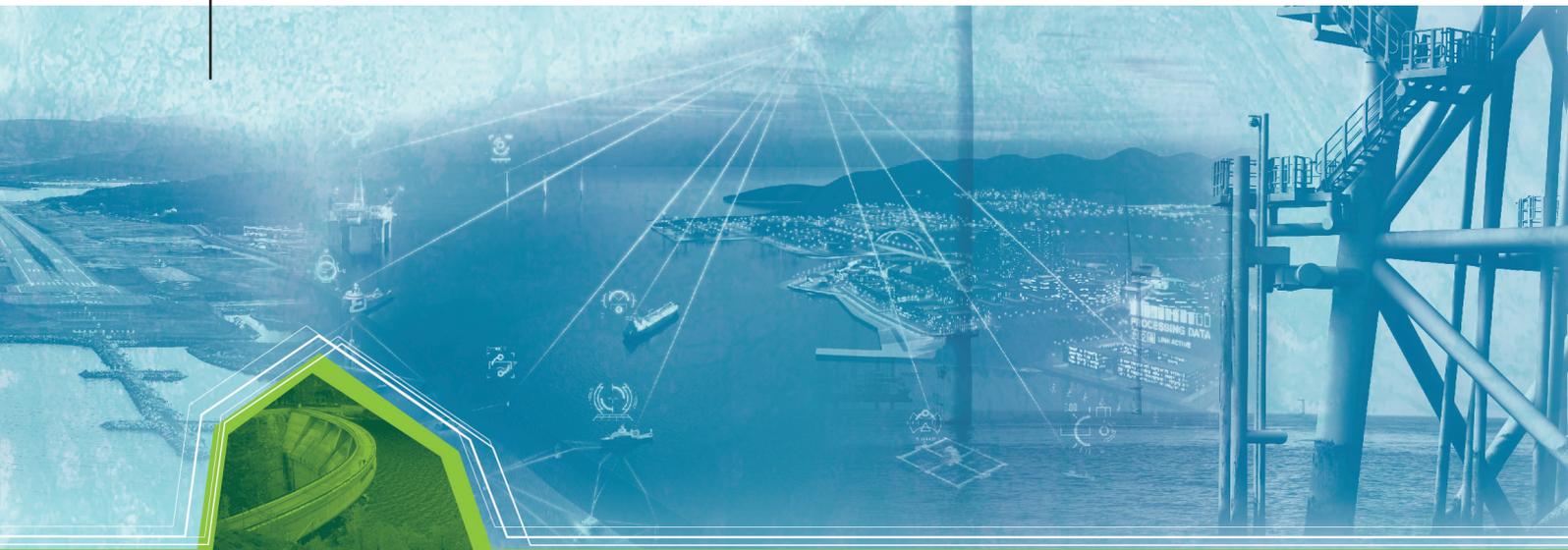


Norwegian Ministry
of Trade, Industry and Fisheries

Meld. St. 8 (2019–2020) Report to the Storting (white paper)

The state's direct ownership of companies

Sustainable value creation



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*Recommendation of the Ministry of Trade, Industry and Fisheries of 22 November 2019,
approved in the Council of State the same day.
(The Solberg Government)*

1 Introduction and executive summary

1.1 Introduction

The state's direct ownership comprises the companies where the state's ownership is managed directly by a ministry. There are currently 73 such companies. Since 2002, a report to the Storting (white paper) on the state's overall direct ownership, referred to as a white paper on ownership policy, has been presented to the Storting (the parliament) in each parliamentary session. In the white paper on ownership policy, the Government describes *why* the state has direct ownership interests in companies, *what* the state owns, including the state's rationale for its ownership and the state's goal as an owner of each company. The white paper also describes *how* the state exercises its ownership, including the state's principles for good corporate governance and the state's expectations of the companies.

The companies in which the state has an ownership interest constitute a significant group of companies in Norway that provide important goods and services to society. Ultimately, it is the Norwegian people that own the state's ownership interests in these companies. The state manages its ownership on behalf of society at large. In order to safeguard these assets, they must be managed in a professional and respon-

sible manner. If not, the value of society's assets will depreciate. The substantial size of the state's ownership interests means that professional and predictable management of the ownership also affects the credibility of the Norwegian capital market.

The framework for the state's exercise of ownership remains unchanged

The framework for the state's exercise of ownership has remained unchanged since the early 2000s. It has worked well and has a broad political consensus. Certain key elements have been of importance, and they still form the basis for this white paper:

- The division of roles between the owner, the board and the general manager set out in company law.
- Generally recognised principles and standards for corporate governance.
- The state's authority as owner is exercised through the general meeting.
- Competent boards of directors.
- A clear distinction between the state's role as owner and its other roles.
- Fair competition between companies with and without a state ownership interest.

This framework provides predictability for the companies and the capital market, thereby enabling the companies to further develop their businesses and create value. At present, nothing indicates that state ownership of listed companies causes the shares in such companies to be priced at a discount compared to shares of other companies.

In this white paper, the state's principles for good corporate governance exclusively concern the state's exercises of ownership, as the title indicates. The key elements of the framework mentioned above are included in the principles.

The Government will continue to pursue a responsible ownership policy based on an established framework. With this as a starting point, the ownership policy is clarified and further developed. Regular development of the state's ownership policy through white papers and follow-up of the white paper on ownership policy are the Government's most important contribution to ensuring good management of the state's ownership interests. Norway aims to lead the field internationally in its exercise of state ownership.

The rationale for state ownership and the state's goal as an owner of each company are clarified

The rationale for ownership states the reason why the state is a direct owner of the company in question, and it is fulfilled by owning a certain percentage of the company, and usually through provisions in the company's articles of association. Civil protection and emergency preparedness are one rationale for state ownership that is clarified in this white paper.

The state's *goal as an owner* is aimed to be achieved within the provisions in the companies' articles of association. The state sets clear goals as an owner of each company, and gives the company's board autonomy to manage and develop the company in the best possible way. The state contributes to goal attainment by being a supportive and challenging owner.

For the companies that primarily operate in competition with others, the state's goal as an owner is the highest possible return over time. Governance based on such a goal leads to favourable use of the resources of each individual company and contributes to the companies' profitability and competitiveness, and their ability to create value over time. This is a prerequisite for responsible management of the Norwegian people's assets.

For the companies that do not primarily operate in competition with others, the state as an

owner has different public policy goals, often related to an assignment they have been given on behalf of the state. The public policy goals shall be achieved as efficiently as possible.

In order to achieve the highest possible return or the most efficient possible attainment of public policy goals *over time*, the companies must be sustainable. This means that the companies must balance financial, social and environmental factors in a way that contributes to long-term value creation.

The system for categorising the companies has been simplified

The companies are assigned to three categories based on the state's goal as an owner and on whether the state has a rationale for its ownership. This is a further development and simplification in relation to previous white papers on ownership policy. The aim is to emphasise the distinction between the companies for which the state's goal as an owner is the highest possible return over time and the companies for which the state has public policy goals.

The companies that primarily operate in competition with others, where the state's goal as an owner is the highest possible return over time, are placed in Categories 1 and 2. Category 1 comprises companies where the state no longer has any rationale for its ownership. Category 2 comprises companies where the state has a specific rationale for its ownership. The companies in Category 3 do not primarily operate in competition with others. For these companies, the state has different public policy goals for each company that shall be attained as efficiently as possible.

Previously, the companies that the state owned in order to maintain head office functions in Norway were placed in a separate category. It is no longer considered expedient to highlight just one rationale for state ownership in the system for categorisation. For several of the companies that the state owns in order to maintain head office functions in Norway, the state also has another rationale for its ownership. The change in the system for categorisation does not affect how the state exercises its ownership in these companies.

In 45 of the companies, the state's goal as an owner is the most efficient possible attainment of public policy goals (the companies in Category 3). This white paper is made more applicable to the companies in Category 3 by ensuring that the description and examples of how the policy is to

be understood are more pertinent to the companies in this category.

The state's exercise of ownership shall contribute to sustainable value creation

The state's exercise of ownership shall contribute to the attainment of the state's goal as an owner. As a long-term and responsible owner, the state contributes to sustainable value creation and promotes responsibility in the companies. Good ownership helps to create value and good services and products for society at large, both now and in future.

Societal developments, such as globalisation, technological development, climate change and scarcity of resources, affect the companies and the state's exercise of its ownership. Global targets for sustainable development have been set through the UN Sustainable Development Goals and the Paris Agreement. They will affect most of the companies in the state's portfolio. It is decisive for the state that the companies remain competitive, efficient and relevant in the long term. To contribute to this, the companies must be given sufficient freedom of action to enable them to adapt to changed circumstances. This is reflected in the state's expectations of the companies.

The state's expectations of the companies have been further developed and clarified

The state has clear expectations of the companies in a number of areas. All these expectations support the state's goal as an owner of achieving the highest possible return over time or the most efficient possible attainment of public policy goals.

Among other things, the state expects the companies to have an overarching agenda for sustainable value creation. This presupposes that the companies understand what drives their value creation in the long term. In light of recent societal developments, this is crucial. One example is climate change, and the resultant risks and opportunities the companies must manage. The agenda for sustainable value creation is specified in terms of clear goals and strategies. Furthermore, the state is clearer about what it expects the companies to report on and be transparent about.

There are still too few women at the top in Norwegian business and industry. The low proportion of women means that valuable resources are not being fully utilised. The Government's

ambition is at least 40 per cent of both genders in the senior management teams of state companies. The State Ownership Report for 2018 shows that, for the companies with a state ownership interest, the average proportion of women in senior management is already 40 per cent. However, the proportion varies between companies, and it is lower at the management level below senior management. Surveys show a correlation between diversity in management and companies' profitability and development. The Government has clear expectations of the companies about both diversity in general and the gender balance in particular. The state expects the companies to have clear goals and measures in place for increasing relevant diversity, including a better gender balance in the company. We are dependent on the companies utilising the competence of all sections of society.

It is crucial that companies with a state ownership interest succeed in recruiting and retaining good executives. The Government expects the remuneration of the companies' senior executives to be competitive, but not market-leading compared with similar companies and enterprises. At the same time, the Government has a clear expectation that due consideration is given to moderation. In this white paper, the Government has strengthened its expectations of the companies' transparency about the structure, level and development of the remuneration of senior executives. This includes transparency about the board's assessment of how the remuneration contributes to achieving the company's goals, and ensuring competitiveness and moderation.

Society is gradually demanding and expecting more of companies' work on responsible business conduct. The companies with a state ownership interest attract great public interest. Responsible business conduct helps to increase confidence in and the legitimacy of the companies. The Government expects the companies to lead the field in their work on responsible business conduct. Among other things, this entails identifying and managing important risk areas for those affected by the company's operations, ensuring board support for this work, incorporating it into the company's goals, strategy and guidelines, and following internationally recognised guidelines, principles and conventions.

Corporate tax behaviour is an area that is attracting increasing attention. International cooperation between states is growing in an attempt to prevent further undermining of the tax base in different countries, and to ensure that

revenues are taxed where the value creation takes place. The Government expects the companies to have a publicly available, justified tax policy that sets out the main principles on which the company's tax behaviour is based.

The Government places emphasis on the boards delivering on the state's goal as an owner and taking responsibility for the areas where the state has expectations. In the event of poor goal attainment over time or significant deviations from the state's expectations, the state will consider how this should be followed up. This is primarily done through the owner dialogue and, when necessary, through decisions by the general meeting.

The Government wishes to reduce state ownership over time

The Government believes that private ownership should be the main rule in Norwegian business and industry. The state should only have ownership interests in companies when this is the best means of meeting the state's needs. The state should not have larger ownership interests in individual companies than the rationale for ownership requires. To contribute to a more diversified ownership, the Government wishes to reduce the state's ownership over time. The Government has been authorised by the Storting to reduce the state's ownership, in whole or in part, in the following companies in Category 1: Ambita, Baneservice, Entra and Mesta. In the national budget for 2020, the Government has also asked the Storting to authorise the full or partial sale, or alternatively dissolution, of GIEK Kredittforsikring.

1.2 Executive summary

This chapter is a summary of Chapters 2 to 13 of the white paper.

Why the state is an owner

The companies with a state ownership interest can roughly be divided into three groups based on how the state came to own them: Business activities initiated by the state, existing businesses that were taken over by the state and the production of goods and services by state-owned undertakings.

The rationale for state ownership in companies today can be divided into two groups. The first group comprises companies that primarily operate in competition with others. The rationale for state ownership in these companies includes the

positive spillover effects of maintaining head office functions in Norway, civil protection and emergency preparedness, a failure in parts of the capital market, and ownership of natural resources. The second group comprises rationale to organise state tasks through a company. Such rationale include giving a business greater operational autonomy or professional independence. These companies do not primarily operate in competition with others, and the alternative to state ownership is often to organise the business as a government agency.

The Government uses state ownership when this is an expedient measure.

Even though there is a valid rationale in many cases for the state owning companies, state ownership entails certain challenges, for example potential conflicts between the state's different roles, intensified principal-agent problems, a weaker foundation for exercising value-creating ownership and an undesirable concentration of power. The state's ownership policy, as set out in this white paper, aims to reduce such challenges and to contribute to the best possible goal attainment in the individual companies.

What the state owns

The state's direct ownership currently comprises 73 companies. The state's ownership is substantial in terms of both the number of companies and their total value. At year-end 2018, the value of the state's ownership interests in companies for which the state's goal as an owner is the highest possible return over time was estimated to be NOK 833 billion. The state's shares listed on Oslo Stock Exchange accounted for NOK 698 billion of the total value. In the other companies, the state's share of book equity minus minority interests amounted to NOK 155 billion at year-end 2018.

The state regularly assesses the rationale for its ownership and its goal as an owner in each company, to ensure that they are updated and relevant, and to help the state to efficiently solve different tasks or safeguard different needs.

Categorisation of the companies

The companies are assigned to three categories based on the state's goal as an owner and on whether the state has a rationale for its ownership. The companies that primarily operate in competition with others are placed in Categories 1 and 2, while the companies that do not primarily operate in competition with others are placed in Category 3.

Category 1 comprises the companies where the state's goal is the highest possible return over time and where the state no longer has any rationale for its ownership. It is the Government's ambition to reduce state ownership in these companies.

Category 2 comprises the companies where the state's goal is the highest possible return over time and where the state has a specific rationale for its ownership. The rationale for having an ownership interest in each company is fulfilled by the state owning a certain percentage of the company and usually through provisions in the company's articles of association.

Category 3 comprises the companies where the state seeks the most efficient possible attainment of public policy goals.

The state's rationale for its ownership and its goal as an owner in each company are described in Chapter 6.

The Government wishes to reduce state ownership over time

The Government continuously assesses the possibilities of, and the timing and process for, reducing state ownership in the companies in Category 1. State ownership will only be reduced if doing so is deemed to be financially favourable for the state. It may also be an option to reduce the state's ownership in other companies, for example if the state's rationale for owning a company no longer applies or if the rationale can be fulfilled through different ownership structures or measures.

It can be an option for the state to form new companies, including by hiving off state-run activities, if there are a good reasons for doing so. The Government will not normally acquire shares in established companies in which the state is not currently an owner.

How state ownership is exercised

The state's exercise of ownership shall contribute to the attainment of the state's goal as an owner

The Government aims for the highest possible value creation in a sustainable manner and to provide good services for the population. Here, value creation through state ownership means attaining the state's goal as an owner, either the highest possible return over time or the most efficient possible attainment of public policy goals.

The state's exercise of ownership shall contribute to the attainment of the state's goal as an owner. In order to achieve the highest possible

return or the most efficient possible attainment of public policy goals *over time*, the company must be sustainable. A sustainable company balances financial, social and environmental factors in a way that contributes to long-term value creation, while ensuring that today's needs are met without limiting the possibilities of future generations. The state also emphasises that the companies conduct their business in a responsible manner. This entails identifying and managing the risks the company poses to society, people and the environment. The consideration for sustainability and responsible business conduct are reflected in the state's expectations of the companies and how the state follows them up.

The state's ten principles for good corporate governance

Together, the state's principles for good corporate governance and the state's goal as an owner form the basis for how the state exercises its ownership. The key elements of the framework for the state's exercise of ownership – about which there has been a broad political consensus over time – are included in the state's ten principles for good corporate governance in this white paper, see Figure 1.1.

The state's expectations of the companies

As an owner, the state has clear expectations of the companies, through which it wishes to contribute to attain the state's goal as an owner in a sustainable and responsible way.

The companies' work on the different areas in which the state has expectations should be adapted to the companies' distinctive nature, size, risk exposure and what is material to each individual company. The expectations are largely based on international good practice and recognised international guidelines.

The expectations are summarised in Figure 1.2 and explained in Chapter 10. Examples of good practice in selected areas have also been included as inspiration for the companies' work.

Board composition and remuneration that contributes to goal attainment

One of the most important tasks of the state as an owner is to contribute to composing competent and well-functioning boards of directors that meet the companies' needs and safeguard the interests of all shareholders. The state is not represented on the boards.

The state's ten principles for good corporate governance	
1.	The state shall be a responsible owner.
2.	The state shall demonstrate transparency about its ownership and exercise of ownership.
3.	The state's exercise of ownership shall contribute to the attainment of the state's goal as an owner. This takes place through expectations of the companies, voting at general meetings and other means of exercising ownership.
4.	The state's exercise of ownership is based on the division of roles and responsibilities between the owner, the board of directors and the general manager set out in company law, and on generally recognised principles and standards for corporate governance.
5.	The state's authority as owner shall be exercised through the general meeting.
6.	The board of directors is responsible for managing the company. The state shall assess the company's goal attainment and its efforts regarding the state's expectations, and the board's contribution in this context.
7.	Relevant expertise shall be the state's main consideration in its work on the composition of boards of directors. The state shall also emphasise capacity and diversity based on the distinctive nature of the company.
8.	The state shall exercise its ownership in accordance with the principle of equal treatment of shareholders set out in company law.
9.	The state's role as owner shall be kept separate from its other roles.
10.	State ownership shall not give companies with a state ownership interest undue competitive advantages or disadvantages compared to companies without a state ownership interest.

Figure 1.1 The state's ten principles for good corporate governance.

Relevant expertise is the state's primary consideration in its work on the composition of boards of directors. Together, the board of each individual company should have the expertise required based on the company's business (object), industry, opportunities and challenges, and the state's goal as an owner. The state also emphasises capacity and diversity based on the distinctive nature of the company.

The remuneration of the companies' governing bodies is decided by the owners at the general meeting, or, if relevant, by the corporate assembly. Having the right remuneration can be crucial in terms of attracting and retaining people with relevant and necessary expertise, and contribute to ensuring that board members devote sufficient time to their office. When assessing the remuneration of the board, the state emphasises that the remuneration reflects the board's responsibility, expertise, time spent on board work, and the complexity of the company's activities, and that the remuneration is at a moderate level.

Follow-up of the companies shall contribute to the attainment of the state's goal as an owner

The state's goal as an owner governs how it exercises ownership. As a responsible owner, the state contributes to sustainable value creation and promotes responsibility in the companies. In its follow-up of the company, the state will emphasise what is material to goal attainment and the areas where the state can best contribute to goal attainment in the short and long term.

The state holds regular meetings with each company. In its dialogue with the company, the state can raise matters, ask questions and communicate points of view that the company can consider in relation to its activities and development. Such dialogue is intended as input to the company, not instructions or orders.

The state's follow-up of the companies is structured around the following topics:

- Assessment of goal attainment.
- Corporate governance.
- Capital structure and dividend.
- Transparency and reporting.
- Composition of the board.

The state's expectations of the companies	
Topic	The state expects that:
Overarching goal for the exercise of ownership	<ul style="list-style-type: none"> • The companies in Categories 1 and 2 deliver the highest possible return over time. • The companies in Category 3 deliver the most efficient possible attainment of public policy goals. If the company also has activities in competition with others, the state normally expects the highest possible return over time from this part of the company's activities.
Sustainable value creation, clear goals and strategies	<ul style="list-style-type: none"> • The company has an overarching agenda for sustainable value creation. • The company defines and implements clear goals and strategies, and reports on them. • The choice of risk level is an integrated part of the company's strategy.
Factors with a bearing on the company's goal attainment and implementation of strategy:	
Resources and organisation	<ul style="list-style-type: none"> • The company's resources are efficiently managed and organised in a way that promotes attainment of the company's goals and supports the company's strategy. Resources here refers to everything the company utilises in its processes, such as human capital, financial capital, corporate culture, relationships, natural resources and other tangible and intangible assets. • The company works systematically on recruiting and developing employees, and has clear goals and measures in place for increasing relevant diversity, including a better gender balance, in the company. • The listed companies communicate what they deem to be an appropriate capital structure and dividend level to the market. The non-listed companies communicate what they deem to be an appropriate capital structure and dividend level to their owners.
Incentives	<ul style="list-style-type: none"> • Remuneration and other incentives used by the company promote attainment of the company's goals. • The remuneration of senior executives is competitive, but not market-leading, and is set with due regard to the principle of moderation. • The company is transparent about the structure, level and development of the remuneration of senior executives. <p>The expectations are elaborated on in the state's guidelines for the remuneration of senior executives.</p>
Responsible business conduct	<ul style="list-style-type: none"> • The company leads the field in its work on responsible business conduct. • The company works to protect human rights and labour rights, reduce its climate and environmental footprint and prevent economic crime, including corruption and money laundering. • The company has a justified tax policy that is publicly available. • The company conducts due diligence for responsible business conduct based on recognised methods. • The company is transparent about material areas, goals and measures relating to its work on responsible business conduct.
Performance and risk management	<ul style="list-style-type: none"> • The company measures value creation, goal attainment and the implementation of the strategy. The most important key performance indicators are reported to the owners. • The company has an effective risk management system adapted to the company's operations, goals and strategy.
The Norwegian Corporate Governance Board's (NCGB) Code of Practice	<ul style="list-style-type: none"> • The company complies with the Norwegian Code of Practice for Corporate Governance where relevant, adapted to the company's operations.
The board's work	<ul style="list-style-type: none"> • The board follows best practice for board work, adapted to the company's operations.
Transparency and reporting	<ul style="list-style-type: none"> • The company is transparent about and reports on material matters relating to the company's operations.

Figure 1.2 The state's expectations of the companies.

In companies in Categories 1 and 2, the state's goal as an owner is the highest possible return over time. When the state assesses a company's return over time, the total shareholder return achieved is normally compared with a calculated required rate of return, comparable companies and, if relevant, benchmark indices. The total shareholder return and the company's outlook are discussed with the company's board and management.

In the companies in Category 3, the state's goal as an owner is the most efficient possible attainment of public policy goals. The company's goal attainment and efficiency are assessed on the basis of, among other things, the reporting from and the owner dialogue with the company. It may be relevant in this context to look at comparable enterprises, the company's development over time and other evaluations of the business. The results achieved and the company's outlook are discussed with the company's board and management.

The state endeavours to understand how different aspects of a company's corporate governance contribute to sustainable goal attainment. Topics and expectations relating to corporate governance are included in the owner dialogue based on their materiality to goal attainment. The development of the company's performance is also important.

Moreover, the state promotes a capital structure that contributes to efficient goal attainment, and expects transparency and good reporting by the companies.

In the event of poor goal attainment over time or significant deviations from the state's expectations, the state will consider how this should be followed up. The follow-up is primarily done through the owner dialogue.

The state generally takes a positive view of strategic initiatives and transactions in the companies that can be expected to contribute to the attainment of the state's goal as an owner.

Fair competition and distinguishing between the state's different roles

The state has several roles, for example as supervisory and regulatory authority, principal and

owner. To create legitimacy in its different roles, the state should be aware of which role it is acting in all times, and, in its actions, clearly distinguish its role as owner from its other roles. Considerations that are not justified by the state's goal as an owner must be addressed by other means than ownership.

State ownership shall not give state-owned companies undue competitive advantages or disadvantages compared to companies without a state ownership interest.

Organisation of the state's ownership management

The central ownership unit, the Ownership Department in the Ministry of Trade, Industry and Fisheries, serves as a resource centre and centre of expertise for the state's direct ownership, both in relation to other ministries and internally within the Ministry of Trade, Industry and Fisheries. The state's ownership interests in companies in Categories 1 and 2 are managed by the ownership unit unless special considerations indicate a different solution. The state's ownership interests in companies in Category 3 are currently managed by the relevant sector ministry, unless special considerations indicate a different solution.

Transparency about the state's ownership

The state is transparent about its ownership and how it exercises its ownership, including through white papers on ownership policy, the State Ownership Reports and the Government's website. As an owner, the state manages substantial assets on behalf of society as a whole. Transparency creates predictability and is important if the general public is to trust that these assets are managed in a good way. Democratic considerations are thereby safeguarded. As a result of the Norwegian state's extensive ownership, transparency is also important if investors are to trust the Norwegian capital market.

Part I
Why the state is an owner

2 Historical background

The companies with a state ownership interest can roughly be divided into three groups based on how the state came to own them: Business activities initiated by the state, existing businesses that were taken over by the state, and the production of goods and services by state-owned undertakings.

Business activities initiated by the state

The state has initiated business activities partly motivated by industrial development, but also out of consideration for civil protection and emergency preparedness or ownership of natural resources.

In the post-war years, many European states established business activities. The international and domestic capital market was subject to stringent regulation, and access to private capital was limited. In Norway, the state contributed capital to achieve industrial development that was desirable for political reasons. The state's role between the 1940s and the 1960s in companies such as Årdal and Sunndal Verk, Norsk Jernverk, Norsk Koksverk and SAS must be seen in light of this practice. When oil and gas production started on the Norwegian continental shelf in the 1970s, it was a clear political ambition to build a Norwegian oil industry. The Norwegian State Oil Company (later Statoil and Equinor) was established in 1972. The then Ministry of Industry emphasised in the proposition¹ that this would both provide better opportunities for maintaining ownership of the oil resources and that it could 'play a key role in realising the state's policy in the establishment of an integrated Norwegian oil community'.

Another rationale for state ownership has been civil protection and emergency preparedness. Defence materiel was manufactured by the state-owned undertakings Kongsberg Våpenfabrikk, Horten Verft and Raufoss Ammunisjonsfabrikker. These undertakings were established in the 19th

century and were organised under the Norwegian Armed Forces before they were hived off into separate companies in 1947. The companies were eventually merged into other industrial production. The state has continued its ownership of the munitions business through Nammo, and of the production of military materiel through Kongsberg Gruppen. Horten Verft went into compulsory liquidation in 1987.

The state has had various policy instruments at its disposal for channelling capital into business and industry. State loan schemes such as Noregs Småbruk- og Bustadbank (the Norwegian small-holdings and housing bank), Fiskarbanken (the national fisheries bank) and Industribanken (the industry bank) were established already before World War II. More were established in the post-war years, and in 1992, several of the loan schemes were merged into the Norwegian Industrial and Regional Development Fund. In 2003, the fund was merged with other business-oriented institutions to create Innovasjon Norge, which the state owns together with the county authorities. The credit markets were gradually liberalised in the 1980s, but in several areas, the state has seen a need for supporting access to capital for newly established businesses or specific industries. This was part of the rationale behind the establishment of Argentum Fondsinvesteringer, Investinor and Nysnø Klimainvesteringer in the 2000s.

Existing businesses that were taken over by the state

The state took over a large ownership interest in Norsk Hydro after World War II.

During the banking crisis in the 1990s, the state took over the shares in a number of Norwegian banks. Due to great losses, the share capital in several banks was written down to zero, and the state infused fresh capital to enable the banks to continue to operate. The state thereby gained ownership of large parts of the Norwegian banking system. The banks were later privatised, but the state has maintained an ownership interest in DNB.

¹ Proposition No 113 (1971–72) to the Storting: Om opprettelse av statens oljedirektorat og et statlig oljeselskap m.m. ('On the establishment of the Norwegian Petroleum Directorate and a state-owned oil company etc.').

Production of goods and services by state-owned undertakings

Goods and services have been produced by state-owned undertakings, which have later been hived off into separate companies.

Based on the recommendation of the Herman-sen Committee,² several government agencies were given greater operational autonomy in the 1990s and 2000s. A number of government corporations were also converted into companies. This often coincided with the introduction of regulatory reforms that facilitated the establishment of new markets. Examples include the conversion of Statskraftverkene into Statkraft and Statnett and Televerket into Telenor in the 1990s. Also later, the state has converted state-owned undertakings into companies, such as Entra in 2000 and Mesta in 2003.

Since the 2000s, several comprehensive reforms have been introduced that have led to the establishment of companies for which the state has set public policy goals. One example is the regional health authorities and health trusts, which were established when the state took over the specialist health service from the county authorities and delegated it to companies with greater operational autonomy. A number of companies have also been established in the transport and communications sector, for example when the government agency the Civil Aviation Authority was converted into Avinor, when Bane NOR took over the majority of the activities of the Norwegian National Rail Administration, and when the newly established Nye Veier took over some of the Norwegian Public Roads Administration's tasks. The railway reform led to the establishment of several companies under direct state ownership in 2017, when Entur, Mantena and Norske tog were hived off from the then NSB group (now Vygruppen). Mantena and Vygruppen run commercial operations in competition with others, while Entur and Norske tog perform public policy functions.

Development in the scope and exercise of state ownership

Several historians point to the current system of substantial state ownership as a result of pragmatic choices made in a number of individual cases rather than long-term planning.³ In the post-war years and

into the 1970s and 1980s, considerations such as national production, employment and regional development were often prioritised over companies' efficient operation and profitability. In addition, the state infused capital to save companies from crisis and covered substantial financial losses. Necessary rationalisation and restructuring was postponed or dropped. This resulted in a weak commercial orientation on the part of the board and management and reduced value creation for both the companies and the state.³ Internationally, many countries reduced the scope of state ownership in the 1980s and 1990s. This did not happen on the same scale in Norway. There are several reasons for this, one of them being that Norway did not have the same need as many other countries to reduce its national debt.

However, several steps were taken to professionalise the Norwegian state's exercise of ownership from the late 1990s, based on some costly lessons learnt. In 2002, the Bondevik II Government submitted the first white paper on ownership policy to the Storting, which set out an overall policy for the state's ownership based on generally accepted corporate governance principles.⁴ The central principles underlying the state's exercise of ownership, including that companies that primarily operate in competition with others shall be run based on making a profit and that the state's role as owner shall be distinguished from its other roles, have remained in force through changing governments. Managing companies that primarily operate in competition with others based on the goal of the highest possible return over time helps to ensure efficient utilisation of each company's resources and that they remain profitable, competitive and create value over time. This is a precondition for responsible management of the Norwegian people's assets.

In recent years, the state has regularly considered whether it should continue to own companies. In the 2000s, several changes were made to the state's ownership.⁵ The state has reduced its ownership interest in some companies, for example through the listing of Telenor, Equinor and Entra. In several other companies, the state has sold all its shares, for example in Arcus, BaneTele, Cermaq and SAS. In addition, a reorganisation of the state's use of policy instruments has led to adjustments in the rationale for ownership and the state's goal as an owner in some of the companies.

² Norwegian Official Report (NOU) 1989: 5 En bedre organisert stat ('A better organised state').

³ See e.g. Lie, E., Myklebust, E. and Nordvik, H. (2014): 'Staten som kapitalist' ('The state as a capitalist').

⁴ Report No 22 (2001–2002) to the Storting: Et mindre og bedre eierskap ('Reduced and Improved State Ownership').

⁵ See the Government's web pages on state ownership for an overview of changes in the state's ownership interests, including companies established after 2000.

3 Rationale for state ownership

The rationale for state ownership in companies today can be divided into two groups. The first group includes *rationale for owning companies that primarily operate in competition with others*, see section 3.1. The second group comprises *rationale to organise state tasks through a company*, see section 3.2. The companies in the latter group do not primarily operate in competition with others.

3.1 Companies that primarily operate in competition with others

The underlying rationale for state ownership in these companies is usually that the state believes that some form of market failure exists, so that the market solution does not result in the highest level of welfare.

In a modern market economy, there is market failure in a number of areas. One of the state's key tasks is to limit the effects of market failure. In some cases, this can be achieved by the state eliminating the market mechanisms in whole or in

part, and instead using state-owned undertakings to produce goods and services for the population. In other cases, a failure in the market is resolved through direct regulation, which allows the market mechanisms to operate within certain limits, for example instructing industrial companies to avoid emissions to prevent pollution of the environment. This can be combined with use of the tax system, for example by introducing emission pricing.

In some cases, however, it can be challenging to establish a good regulatory regime. An alternative solution in such cases can be for the state to own, in whole or in part, companies that operate in competition with others.

Section 6.2 describes the rationale for state ownership for each company that primarily operates in competition with others.

Spillover effects from head office functions

Economic activity can lead to different externalities, or external effects, that are not traded in a



Figure 3.1 Rationale for state ownership.

market. A classic example of an externality is pollution from a factory, which inconveniences others without the enterprise having to compensate anyone. The state often seeks to correct for such externalities through direct regulation or taxes. There are also positive externalities.

A special form of externalities are the spillover effects of a company's head office functions. Research into the effect of major companies' head office location is limited. Reduction of trade barriers and better possibilities of contact across national borders mean that production facilities are increasingly located where it is most financially favourable for the business, regardless of where the head office is located. However, it seems reasonable to assume that there are some direct effects relating to value creation in the head office and demand for specialised services.

Several decision-making, specialist and staff entities with a high level of expertise are naturally based at the head office. This can, for example, apply to management and control of business areas and subsidiaries, as well as tasks relating to strategy, transactions, finance, management development, risk management, control and compliance, legal issues and investor relations. This leads to competence-building in that both existing and potential specialists and managers can be given a broader range of tasks and arenas. This helps to ensure that there are employees with expertise that others can benefit from.

Large groups of enterprises often contribute to value creation through a network of subcontractors. Large companies are also often involved in several national industry and technology clusters and can thus stimulate cooperation and transfer of expertise between and in the clusters.

International players, such as investment banks, competitors and partners, will usually contact the company's decision-makers, who are often based at the head office. This allows head-office functions to become learning arenas for international know-how in industries and the international capital market, which can in turn be spread to other business and industry.

It is more uncertain whether the head office's location can have a bearing on decisions of material importance to the company's development. However, decision-makers are often more knowledgeable about investment opportunities and framework conditions in their home country, which can influence their investment decisions. In addition, companies with operations in several countries may wish to prioritise their home markets in periods of unrest and weak international

growth, which we have seen signs of in, for example, the financial sector. Such decisions can potentially have substantial spillover effects.

The potential spillover effects from the head office will probably vary considerably depending on both the company and the industry structure in the area. In general, it is reasonable to assume that the company must be of a certain size in order for the head office to generate significant spillover effects. Companies that compete in international markets probably generate greater spillover effects, since they generally have higher productivity than companies that do not. In addition, the sum of spillover effects from several major companies' head offices can be greater than for each company seen in isolation.

There is often a historical basis for the head office's location, and companies rarely move their head office. Changes in ownership and mergers are important driving forces when head offices are moved, however. Maintaining state ownership in some companies can therefore be expedient in order to ensure that their head office remains in Norway. This is one way of ensuring that important businesses in Norway are owned and operated by parties with a strong connection to Norway, rather than as branches of foreign companies. More general contributions to ensuring that Norwegian companies maintain their head office and business activities in Norway are made through other industry policy instruments. The most important policy instrument is good general framework conditions for business and industry.

The magnitude of spillover effects from the head office to individual companies is uncertain. Although positive spillover effects exist on average, it is a challenging task to ascertain whether they are substantial enough to justify state ownership in individual cases. If state ownership means that the company is not organised in the most rational way possible, this can reduce the company's value.

For several of the companies with a state ownership interest, and especially for the companies seen as a whole, the spillover effects are assumed to be substantial, and the Government therefore chooses to maintain ownership of a number of companies in order to keep their head offices in Norway.

Civil protection and emergency preparedness

Historically, civil protection and emergency preparedness were part of the rationale for the establishment of a Norwegian defence industry under

the auspices of the state. The Norwegian defence industry's capacity in important technological areas of expertise is still crucial to providing the defence sector with the right materiel and expertise at the right time. This increases the capability to safeguard national security in areas where special circumstances require special expertise. If the state solely relied on purchasing defence materiel from foreign suppliers, this could lead to an undesirable dependence on other nations and their defence industry, as well as make it difficult for Norway to cover its needs in critical areas. In order to ensure national ownership of central parts of the Norwegian defence industry, the state will maintain its ownership interests of 50.001 and 50 per cent, respectively, in Kongsberg Gruppen and Nammo. Without state ownership, there is a risk of this defence industry capacity being moved abroad over time.

In special cases, the state may consider it necessary to prevent undesirable interests from gaining an influence over companies of importance to civil protection, which can be ensured, among other things, by maintaining a given ownership interest in certain companies. Kongsberg Gruppen and Nammo are examples of such companies.

However, regulation is and should be the primary policy instrument for addressing civil protection considerations, including through the Security Act, the Regulations relating to Preventive Safety and Emergency Preparedness in the Energy Supply, and the Act relating to Electronic Communication.

Market failure in parts of the capital market

The state has a number of capital policy instruments at its disposal that are intended to counteract market failure consisting of a shortage of available capital for presumably profitable projects. Such lack of capital can affect early-stage companies in particular. Policy instruments can be established in the form of, for example, funds managed by private investment companies. The state also owns investment companies, such as Investinor and Nysnø Klimainvesteringer.

Former natural monopolies

In the 19th century, new infrastructure was established in the form of railway lines, the telegraph system and later also telephone lines and the power grid. This type of infrastructure and services were, and some of them still are, natural monopolies that are difficult to regulate to achieve

socio-economically optimal production through market mechanism. Because this infrastructure builds networks that connect either hubs or end users, there is typically only room for one provider in each market. If two providers compete, customers will usually be interested in connecting to the network with most users. The biggest network therefore often ends up as a monopolist that can choose to raise prices due to the lack of competition. In several other countries, it was private enterprises that established these services, while in Norway they were developed by the state.

Today, it is more common to regulate these types of network services to open the market to competition. One company can be given responsibility for the infrastructure and be instructed to sell access on equal terms to other companies that provide services to the end users. This has, for example, resulted in ownership of the power grid being separated from power production. The system was most recently introduced in the railway sector, through the 2016 railway reform. Several of the government agencies that used to operate these natural monopolies have been converted into companies, at the same time as changes in the regulation have opened the market to competition. These developments have reduced the need for state ownership. In a transitional period, however, it may be necessary for the state to own companies that were previously monopolists until a more well-functioning market has been established. This applies to some of the companies in the railway sector, for example.

Natural resources and ground rent

Businesses can be granted access to a form of ground rent, for example access to natural resources such as oil or hydropower. Ground rent provides businesses with a greater return than if their labour and capital were employed in other production. If ground rent is appropriately taxed, it will not influence the choices of producers or consumers.

In cases where the collection of ground rent is desirable, different policy instruments can be used, especially auctions and taxes on ground rent. Large hydropower producers are also subject to rules on compulsory yield of power and must pay a licence fee. In some cases, state ownership has also been used as a way of safeguarding the right of disposal of and, to some extent, revenues from the country's vast natural resources. Statkraft is one example of this type of arrangement.

It is open for debate whether state ownership is necessary to address the above-mentioned considerations, since a lot has changed since the exploitation of natural resources started. Natural resources are bound to the land. The state will therefore, regardless of ownership, have a certain degree of control over the resources and may in different ways regulate how they are managed, as well as secure a reasonable part of the return and ground rent generated from the resources through the tax system.

3.2 Organising state tasks in companies

There are different reasons why it may be necessary for measures and tasks to be performed under the auspices of the state. Section 6.3 provides a description of each company and the rationale for the measures or tasks the company is set to perform on behalf of the state. Normally, these companies do not primarily operate in competition with others, and the alternative to state ownership is often to organise the tasks in a government agency. The reasons why it may be expedient to organise these activities in a company are explained in more detail below. The differences between government agencies and companies are described in section 3.3.

One rationale for organising tasks in a company is a wish for *greater operational, strategic and financial autonomy* than can be achieved in a government agency. Several reforms have therefore led to the establishment of new companies, for example the regional health authorities and health trusts.

In other cases, the state's tasks have been organised as a separate legal entity due to a special need for *professional independence* from political control. Several enterprises engaged in cultural and value management are organised as companies, including several dramatic art companies and the Norwegian Broadcasting Corporation (NRK). The company structure restricts the possibility of exercising political control, which can be desirable in order to emphasise independence in decisions of a professional, editorial or artistic nature. Such independence can also be achieved through other forms of organisation, and NRK was organised as a foundation for a period in the 1990s. Another alternative is to continue to let the activity be performed by a government agency, but to enshrine independence on certain matters in law, which is the solution used for the university and university college sector. The state

also owns several companies engaged in research and development, including Simula Research Laboratory.

Professional independence can also be desirable for enterprises that manage grant or support schemes. Such schemes must be managed in accordance with the Regulations on Financial Management in Central Government, including that criteria must be defined for the awarding of grants. In some cases, a formally independent grants administrator is assigned responsibility for making decisions in order to avoid political consideration of applications. One way of doing this is to establish a company, which the state has done, for example, in the case of Enova.

The company structure is also used for activities with an *exclusive right of sale to customers*. The activity is organised as a company that is allowed to operate normally in the markets, without seeking the highest possible return. This applies to, for example, Vinmonopolet and Norsk Tipping, both of which have an exclusive right to sell products subject to restrictions based on public health considerations. The latter consideration is achieved in part through high taxes and marketing restrictions, but, in addition, the state owns the companies to prevent private profit from motivating increased sales.

It may also be expedient to organise tasks in a company if its activities entail *an element of market-oriented activities*, for example by selling products directly to customers. Such activities can also be performed in competition with others, and, in such case, the normal state aid provisions in the EEA Agreement will guide the companies' financing, see section 8.4.

Furthermore, a wish to *limit the state's responsibility* can be an additional consideration when the state organises an activity as an independent legal entity. By choosing the company form of organisation, the state is in principle only liable for the capital invested in the company.

3.3 Company organisation has a bearing on management and control

The performance of state tasks can be organised as part of the public administration, and then often as a government agency, or as an independent legal entity, meaning a form of company or foundation, see Figure 3.2. When the state choose the company form of organisation as a policy instrument, it entails a different set of framework condi-



Figure 3.2 Different ways of organising activities, with examples.

tions for the management than if the tasks are performed by a government agency.

A government agency makes decisions on behalf of the state, and based on the minister's authority. In principle, the minister has direct constitutional and parliamentary responsibility for all decisions made by a government agency. An independent legal entity, on the other hand, has the competence to make decisions in its own name and at its own risk. The relationship between the state as owner and a company follows from the legislation governing the form of organisation in question. The different forms of organisation used for state ownership and the legal framework conditions that apply to each of them are described in section 8.2.¹

Companies differ from government agencies in other ways as well. One difference is that companies' revenues normally come from the sale of goods or services in a market, while most government agencies' expenses are largely covered by allocations over the national budget. When a company receives revenues from the state, the relationship between the state and the company is either organised as a contractual relationship or in the form of an assignment that the state gives the company, and not as a relationship between a superior and a subordinate public body. Another

difference is that a company must have its own capital base, equity and, if relevant, external financing (loans) to finance the company's assets. Ordinary government agencies do not have equity.² Furthermore, a company can normally become insolvent, which government agencies, as part of the state, cannot.

Greater distance between the enterprise and the ministry is a consequence of organising tasks in a company. The need for active political control of an enterprise indicates that a government agency should be the preferred form of organisation.

3.4 Possible challenges of the state owning companies

The state's rationale for ownership differs from that of private owners. Although the state's goal as an owner of companies that operate in competition with others is the highest possible return over time, the ownership is not motivated by interests of asset management or saving. To avoid possible challenges relating to this, the state has gradually professionalised its exercise of ownership. When state ownership is exercised in a professional and competent manner, the state can be a good long-term owner that creates value. At the same time, it is essential to keep in mind that state ownership

¹ In official statistics, some of the companies are classified as part of the public administration. Statistics Norway classifies the companies' sector affiliation based on multiple criteria, including whether a material part of the company's revenues stem directly from allocations over the national budget. This applies to, for example, the regional health authorities, the road construction company Nye Veier and the theatres. The companies are nonetheless independent legal entities.

² The accounts of government agencies whose financial statements are based on the central government accounting standards will present a balance sheet that formally includes an equity element (the state's capital). The purpose of presenting a balance sheet is, among other things, to achieve better information and a better overview and management of large investments.

entails certain challenges. The Government is concerned with addressing these challenges in the best possible way in its exercise of ownership, see Part III.

An analysis of listed companies during the period 1989–2007 found no indications of a 'state discount', measured as a negative correlation between profitability and a direct state ownership interest, during the latter part of the period.³ The analysis also shows that the companies in the state's portfolio did not have a lower risk-adjusted return on equity during the period. The state discount observed during the first part of the period could be the result of challenges relating to state ownership. Professionalisation of the state's exercise of ownership in the 21st century may have contributed to the discount only being observed prior to this.

An account of possible challenges associated with state ownership is given below.

Multiple roles

The state has many different roles. A role conflict may arise when the state is both responsible for regulating a market, or is one of the largest buyers in a market, at the same time as it owns one of the companies participating in the market. The state can also be responsible for awarding licences and for making various individual decisions that decide what a company can and cannot do. This can give rise to role conflicts, where uncertainty may arise about whether other functions are performed with a view to achieving advantages for the state's own companies. Ambiguity and suspicions of partiality can have major negative consequences even if the suspicion proves to be unfounded. For example, it may lead to companies choosing not to enter the market, resulting in less competition.

To avoid such role conflicts, the state distinguishes between its role as owner and other functions that govern the company's activities. Since the late 1990s, management of the state's ownership in companies that primarily operate in competition with others has gradually become more professional and largely concentrated in the central ownership unit in the Ministry of Trade, Industry and Fisheries. This has helped to reduce the risk and suspicion of role conflicts. A clear understanding of roles and a high level of awareness in the ministries about the state's different

roles are essential. In addition, the exercise of ownership must continue to be organised to avoid role conflicts as far as possible.

The principal–agent problem

Traditional literature on ownership discusses theories on the challenges associated with delegating responsibility from the owners to the board and management.⁴ This is based on what is known as the principal–agent problem. The problem arises when an agent, for example the board and management, manages assets and makes decisions on behalf of a principal (the owner), but the interests of the actors differ and the agent possesses relevant information that the principal does not have. This can be intensified in connection with state ownership as a result of the distance between the real owner (the people), the party exercising ownership and the company's board and management. To overcome the principal–agent problem, the principal may attempt to give the agent the same incentives as the principal.

The principal–agent problem can be particularly challenging in companies for which the state has public policy goals, as the goal structure is often more complex than the goal of making a profit, and it is more demanding to assess goal attainment.

Prerequisites for developing companies and exercising value-creating ownership

Most private owners with large ownership interests are represented on the company's board and play an active role as owner. The state, as a major owner, has significant influence over the election of board members and expresses clear expectations of the companies. However, based on its different roles and in order to avoid political interference with and responsibility for the company's decisions, the state has opted not to be represented on the companies' board.

An important thesis in specialist literature is that the state will have weaker incentives and possibilities than private owners for following up the company's management to improve profitability

³ Ødegaard, B. A. (2009): 'Statlig eierskap på Oslo Børs' ('State ownership on Oslo Stock Exchange').

⁴ The board is responsible for managing the company in accordance with the interest of the company, within the framework of the law and the general meeting's decisions. The interest of the company is about what is best for the company as an independent legal entity in the short and long term, see Proposition 135 (Bill) (2018–2019) pp. 94–95. The interest of the company usually coincides with the shareholders' interests.

and efficiency. Politicians and civil servants have no personal rights to the cash flow. Since the voters do not receive a direct return either, this mechanism does not provide strong incentives for following up the companies as actively as many private investors do.

Passive exercise of ownership can lead to companies becoming management-controlled and prioritise considerations other than the interests of the owners; see, for example, the principal–agent problem. For example, the management may wish to lead a large, high-profile company or to avoid personal consequences in connection with downsizing. Ultimately, passive ownership can lead to the company expanding in a way that is not in the owners' interest, or that necessary cost cuts or structural measures are not implemented.

It can also be challenging for the state to build sufficient industrial expertise as a basis for its exercise of ownership, among other things because the state owns companies in a number of different industries.

Other political considerations that do not promote the state's goals as an owner

The state has many different goals and tasks through the different roles it plays, and often has to strike a balance between conflicting interests when implementing policies. Historically, this has been a challenge to the exercise of good ownership. Experience from both Norway and other countries shows that it weakens goal attainment if other interest than the state's goals as an owner are allowed to interfere with the exercise of ownership.

Active exercise of ownership based on political considerations that do not promote the state's goal as an owner is an equally big or even bigger problem than passive ownership. Governance based on such political considerations can entail unclear incentives for the company, which can have an unfortunate effect on the company's priorities. This can lead to misallocation of resources in the company, inefficient operation and weakened competition. A company needs long-term planning.

Governance based on political considerations as described above will be in conflict with the ownership policy as described in this and previous white papers on ownership policy.

Company organisation and democratic legitimacy

The company form of organisation provides fewer opportunities for intervening in individual deci-

sions than if the activity was carried out by a government agency. Although it is possible to instruct the company's board through decisions at the general meeting, the state should be cautious about this, see section 8.3.1.

One consequence of the company form of organisation is that the companies that perform tasks on behalf of the state must sometimes be capable of striking a balance between conflicting interests themselves. This can be challenging, especially if the decision concerns controversial issues or issues that are subject to political debate. The legitimacy of such decisions often depends on whether they can be traced back to a democratically elected body. A precise framework and public policy goals for the companies are therefore decisive.

Access to external financing

A company's assets are financed through equity infused by the owners or earned by the company, alternatively also by external financing in the form of loans or credit. It is up to the company to decide the most suitable capital structure for achieving its goals.

When a company raises capital from the markets, the price of capital will reflect the investors' assessment of the company's outlook. If the company does not succeed with its plans, the investors may suffer losses, and they should therefore assess the risk associated with the project the capital is intended for. The price of equity and external financing will increase in step with the level of risk the project entails. The capital market thereby helps to ensure that capital is allocated where it yields the highest return.

It is unfortunate if lenders expect the state to infuse new capital if the companies default on their loans, and that companies with a state ownership interest thereby end up with lower financing costs than they normally would have. The state must therefore be clear about and behave as if it is only liable for the capital invested in the company on a par with any other owner. This is particularly important in companies that operate in competition with others.

For companies that do not operate in competition with others and that perform tasks of critical importance to society, it can be challenging to establish credibility for the claim that the state will allow creditors to seize control of the assets. To the extent that this leads to lower loan expenses for such companies, this will have a bearing on the investments made. This can mean that projects

that would not be considered profitable with another company's financing costs will nonetheless be realised. The companies can then expand their business without it necessarily being socio-economically profitable. The state has chosen to impose lending restrictions on several companies that do not operate in competition with others and that perform tasks of critical importance to society.⁵

Concentration of power

The state owns a large part of the financial capital in Norway, and the scope of the state's direct

ownership is substantial. Through its other roles, including as policymaker and administrative authority, the state also has the potential to exercise great power over the population. Substantial state ownership increases the risk of concentration of power on the hands of the state at the expense of ordinary citizens. Reduced state ownership will contribute to a greater diffusion of power. Furthermore, private initiatives and willingness to invest drive the economy in a democratic society. In order to contribute to more diversified ownership, the Government wishes to reduce the state's ownership over time.

⁵ See section 12.5.3.

Part II
What the state owns

4 Overview of the state's ownership

The state's direct ownership comprises the companies where the state's ownership is managed directly by a ministry. There are currently 73 such companies managed by 12 different ministries, see Figure 4.3. The figure also shows the category each company belongs to according to the updated system for categorising the companies, see section 5.2. Chapter 6 provides a brief description of the companies, including the state's rationale for ownership and goal as an owner for each of the companies.

The state's ownership is substantial in terms of both the number of companies and their total value, and greater than in many other Western countries. At year-end 2018, the value of the state's ownership interests in companies for which the state's goal as an owner is the highest possible return over time (companies in Categories 1 and 2) was estimated to be NOK 833 billion.

Shares listed on Oslo Stock Exchange accounted for NOK 698 billion of the total value. The market value of the state's shares in the company is used for listed companies. For non-listed companies, the state's share of their book equity minus minority interests is used, which can deviate significantly from the real market value.

The state owns about one-third of the assets on Oslo Stock Exchange. The state holds shares in seven listed companies directly, and in another three companies indirectly through Aker Kværner Holding.

For the companies where the state's goal as an owner is the most efficient possible attainment of public policy goals, companies in Category 3, the estimated value may be of less significance. The state's share of book equity minus minority interests in these companies amounted to NOK 155 billion at year-end 2018. In 2018, these companies

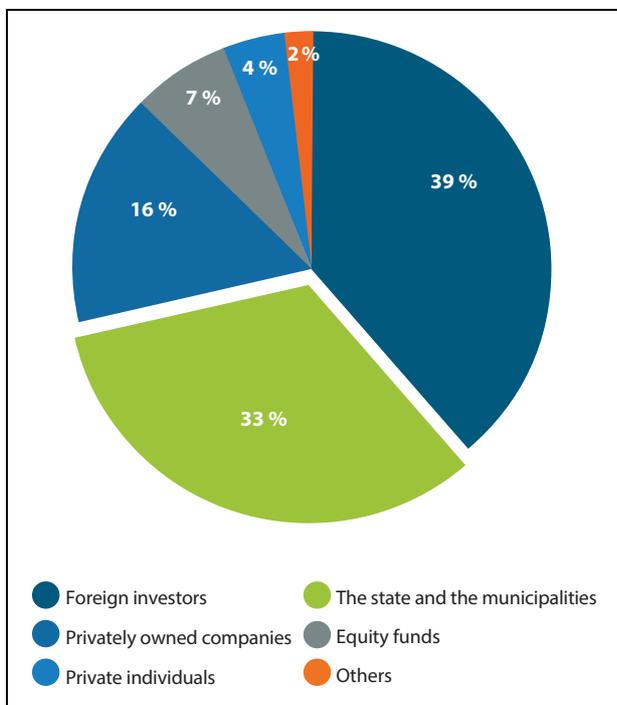


Figure 4.1 Ownership structure on Oslo Stock Exchange at year-end 2018. Percentage of market value.

Source: Oslo Stock Exchange.

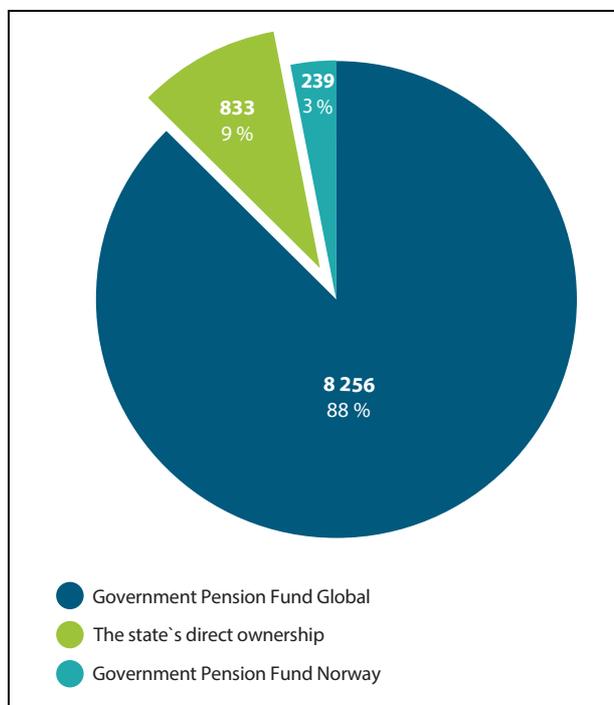


Figure 4.2 The Government Pension Fund and the state's direct ownership at year-end 2018. NOK billions.

Source: Norges Bank, the Ministry of Trade, Industry and Fisheries and Folketrygdfondet.

Overview of the state's direct ownership broken down by ministry					
Ministry and company	Shareholding	Category	Ministry and company	Shareholding	Category
Ministry of Finance			Argentum Fondsinvesteringer AS	100 %	2
Folketrygdfondet (special legislation company)	100 %	-	Baneservice AS	100 %	1
Ministry of Defence			DNB ASA	34 %	2
Rygge 1 AS	100 %	-	Eksportfinans ASA	15 %	2
Ministry of Health and Care Services			Eksportkreditt Norge AS	100 %	3
Helse Midt-Norge RHF (special legislation company)	100 %	3	Electronic Chart Centre AS	100 %	2
Helse Nord RHF (special legislation company)	100 %	3	Entra ASA	22,27 %	1
Helse Sør-Øst RHF (special legislation company)	100 %	3	Fiskeri- og havbruksnæringens forskningsfinansiering AS	100 %	3
Helse Vest RHF (special legislation company)	100 %	3	Flytoget AS	100 %	1
Nordisk Institutt for Odontologiske Materialer AS	49 %	3	GIEK Kredittforsikring AS	100 %	1
Norsk Helsenett SF	100 %	3	Innovasjon Norge (special legislation company)	51 %	3
AS Vinmonopolet (special legislation company)	100 %	3	Investinor AS	100 %	2
Ministry of Climate and Environment			Kongsberg Gruppen ASA	50,001 %	2
Bjørnøen AS	100 %	3	Mesta AS	100 %	1
Enova SF	100 %	3	Nammo AS	50 %	2
Kings Bay AS	100 %	3	Nofima AS	56,8 %	3
Ministry of Local Government and Modernisation			Norges sjømatråd AS	100 %	3
Kommunalbanken AS	100 %	2	Norsk Hydro ASA	34,26 %	2
Ministry of Culture			Nysnø Klimainvesteringer AS	100 %	2
Carte Blanche AS	70 %	3	Posten Norge AS	100 %	2
AS Den Nationale Scene	66,67 %	3	Siva - Selskapet for Industrivekst SF	100 %	3
Den Norske Opera & Ballett AS	100 %	3	Space Norway AS	100 %	3
Filmparken AS	77,6 %	-	Statkraft SF	100 %	2
Nationaltheatret AS	100 %	3	Store Norske Spitsbergen Kulkompani AS	100 %	3
Norsk rikskringkasting AS	100 %	3	Telenor ASA	53,97 %	2
Norsk Tipping AS (special legislation company)	100 %	3	Yara International ASA	36,21 %	2
Rogaland Teater AS	66,67 %	3	Ministry of Petroleum and Energy		
Rosenkrantzgate 10 AS	3,07 %	-	Equinor ASA	67 %	2
Talent Norge AS	33,3 %	3	Gassco AS	100 %	3
Trøndelag Teater AS	66,67 %	3	Gassnova SF	100 %	3
Ministry of Education and Research			Petoro AS	100 %	3
NSD – Norsk senter for forskningsdata AS	100 %	3	Statnett SF	100 %	3
Simula Research Laboratory AS	100 %	3	Ministry of Transport		
Universitetssenteret på Svalbard AS	100 %	3	Avinor AS	100 %	3
Ministry of Agriculture and Food			Bane NOR SF	100 %	3
Graminor AS	28,2 %	3	Entur AS	100 %	3
Kimen Såvarelaboratoriet AS	51 %	3	Mantena AS	100 %	2
Statskog SF	100 %	3	Norske tog AS	100 %	3
Staur gård AS	100 %	3	Nye Veier AS	100 %	3
Ministry of Trade, Industry and Fisheries			Vygruppen AS	100 %	2
Aker Kværner Holding AS	30 %	2	Ministry of Foreign Affairs		
Ambita AS	100 %	1	Norfund (special legislation company)	100 %	3
Andøya Space Center AS	90 %	3			

Figure 4.3 Overview of the state's direct ownership broken down by ministry.

managed grants from the state of approximately NOK 161 billion and had a turnover of NOK 261 billion.

The state's direct ownership comes in addition to substantial financial wealth through the Government Pension Fund, which consists of the Government Pension Fund Global (GPGF) and the Government Pension Fund Norway (GPFN).

GPGF is invested globally outside Norway and is managed by Norges Bank. GPFN is invested in the Nordic countries except Iceland, and primarily in Norway, and is managed by Folketrygdfondet. The Government Pension Fund differs from the state's direct ownership in several ways. One difference is that the state, through its direct ownership, has substantial holdings in a small number

of companies, while the goal of the investments in the Government Pension Fund is to spread them across many different types of financial assets.

State ownership in other countries

Norway is by no means the only country with direct state ownership. It is most natural to compare Norway with the other Nordic countries, which also have relatively substantial state ownership.

The Swedish state is a shareholder in 46 wholly and partly owned companies, two of which are listed. The total value of the Swedish state's portfolio is approximately NOK 611 billion.¹ The

Finnish state is a shareholder in 66 wholly and partly owned companies, four of which are listed. In addition, the Finnish state has ownership interests in 14 listed companies through the holding company Solidium. The total value of the Finnish state's portfolio is approximately NOK 340 billion.²

¹ The Swedish Ministry of Enterprise and Innovation (2019): 'Annual report for state-owned enterprises 2018'. The value is converted from SEK to NOK at the exchange rate as of 31 December 2018.

² Publications of the Finnish Government 2019:19: 'Report on State Annual Accounts 2018 Annex 4 State corporate holdings'. The value is converted from EUR to NOK at the exchange rate as of 31 December 2018.

5 Assessment of ownership and categorisation of the companies

5.1 The rationale and goal for the state's ownership of the individual company is assessed on a regular basis¹

The rationale for the state's ownership and its goal as an owner in each company is assessed on a regular basis to ensure that they are updated and relevant, and to help the state to efficiently safeguard different needs. An overall assessment of the state's portfolio is carried out in connection with the white paper on ownership policy. The Government normally presents a white paper on ownership policy to the Storting in each parliamentary session. The state's ownership of individual companies may also be subject to assessment in other contexts as required. The state's rationale for its ownership and its goal as an owner in each company are described in Chapter 6.

The point of departure for the assessments is normally what needs the state must address and whether state ownership is a suitable instrument for achieving this, see Chapter 3. This, and whether the company primarily operates in competition with others, decides the state's goal as an owner and what is considered an appropriate ownership interest. In principle, the above-mentioned assessments shall also be carried out if the state is considering whether to establish a new company.²

Companies that primarily operate in competition with others

The state has different rationale for owning companies that primarily operate in competition with others, see section 3.1. For these companies, the state considers whether there is still a rationale for state ownership and, if relevant, whether this rationale can be fulfilled more effectively by other

means. For example, it is considered whether Norwegian head office functions are expected to yield positive spillover effects on the economy.

The state's rationale for its ownership is fulfilled by the state owning a certain percentage of the company. For each of the companies, the state considers what ownership interest is necessary to fulfil the state's rationale for ownership.

Maintaining Norwegian head office functions usually requires the state to own more than one-third of the company. This gives the state negative control of the company's articles of association, including the location of the head office.³

A rationale based on civil protection and emergency preparedness normally indicates that the state should own more than half the company. This helps to prevent outside interests from acquiring a majority shareholding or gain influence through positions on the board.

In many cases, the considerations constituting the rationale for state ownership suggest a need to include provisions on the company's activities in the articles of association without needing to take into account the support of other shareholders. In such cases, it is expedient that the company is wholly owned by the state.

In all the cases mentioned above, special circumstances can make other percentages of ownership relevant.

If the state changes the rationale for its ownership interest in a company, it may be necessary to also amend the company's articles of association to reflect the rationale. This is usually only relevant for companies that are wholly owned by the state.

The state's goal as an owner of the companies that primarily operate in competition with others is the highest possible return over time. Follow-up of the companies is based on this, within the limits of provisions in the articles of association, see Chapter 12. This is a condition for ensuring that

¹ This follows from the Regulations on Financial Management in Central Government, see section 8.5.2.

² See also DIFI (2014): 'Fra stat til marked – Veileder om utskilling av virksomhet fra staten' ('From state to market – Guide to hiving off enterprises from the state').

³ The current Limited Liability Companies Act does not require limited companies to specify in their articles of association where the head office is located. This was previously a legal requirement.

state ownership can contribute effectively to fulfilling the state's rationale. For example, if having a Norwegian head office is to yield positive spill-over effects on the economy, the company needs to create a profit and be competitive over time.

The rationale for state ownership may lapse over time, for example as a result of developments in the market and the competitive situation in an industry. If the state no longer has a rationale for its ownership, the Government will normally be open to the possibility of reducing the state's ownership in the company, see section 5.3.

Companies that do not primarily operate in competition with others

The state has different rationale for organising how it performs state tasks through companies, see section 3.2. For these companies, the state considers whether a government instrument is still needed in the area. It is also considered whether a company is still the most appropriate form of organisation rather than a government agency, or whether regulation, subsidies/taxes, public procurement of goods and services, alone or in combination, are more suitable measures.

The state's goal as an owner of the companies that do not primarily operate in competition with others is the most efficient possible attainment of public policy goals. Public policy goals are defined for each company. The state's rationale for its ownership and its goals as an owner in each company are reflected in provisions in the company's articles of association. If the state's rationale for its ownership or the state's goal as an owner changes, it is usually necessary to amend the company's articles of association. To be able to make appropriate adjustments to the articles of association and maintain the possibility of amending the articles as needed, it will often be expedient that the company is wholly owned by the state, but smaller shareholdings may be an option in some cases. Follow-up of the companies is based on the state's goal of the most efficient possible attainment of each company's public policy goals, see Chapter 12.

5.2 Categorisation of companies in which the state has an ownership interest

Since 2006, companies in the state's portfolio have been categorised based on the state's goal as an owner and, in part, on the state's rationale for its

ownership. In this white paper, the system has been further developed and simplified in order to highlight the state's goal as an owner.

The companies are assigned to three categories:⁴ The companies that primarily operate in competition with others are normally placed in *Categories 1* and *2*, while the companies that do not primarily operate in competition with others are normally placed in *Category 3*.

Category 1 – Goal of the highest possible return over time

This category comprises the companies where the state's goal is the highest possible return over time and where the state no longer has any rationale for its ownership. These companies are described in section 6.1. It is the Government's ambition to reduce state ownership in companies in *Category 1*. State ownership will only be reduced if this is seen as financially beneficial to the state, see section 5.3.

Category 2 – Goal of the highest possible return and special rationale for ownership

This category comprises the companies where the state's goal is the highest possible return over time and where the state has a specific rationale for its ownership. The rationale for having an ownership interest in each company is described in section 6.2 and is fulfilled by the state owning a certain percentage of the company, and usually through provisions in the company's articles of association, see section 5.1.

Category 3 – Goal of the most efficient possible attainment of public policy goals

This category comprises the companies where the state seeks the most efficient possible attainment of public policy goals. The state's rationale for its ownership and its goal as an owner in each company are described in section 6.3.

The companies in *Category 3* do not primarily operate in competition with others. Some of the companies may nonetheless engage in some activities in which they operate in competition with others. In such cases, the state's goal is normally the highest possible return over time in this limited part of the company's operations.⁵

⁴ Some companies are not categorised; see section 6.4.

⁵ See section 7.1.2.

5.3 The Government wishes to reduce state ownership over time

The Government believes that private ownership should be the main rule in Norwegian business and industry. The state should only have ownership interests in companies when this is the best means of meeting the state's needs. Nor should the state have larger ownership interests in individual companies than the rationale for ownership requires. In order to contribute to diversifying ownership, the Government wishes to reduce the state's ownership over time.

There are nonetheless a number of reasons for state ownership, see Chapter 3 and the review of each company in Chapter 6. The Norwegian state will therefore continue to have substantial ownership interests in the time ahead.

The companies in Category 1 operate in competition with others, and the state no longer has any rationale for its ownership in these companies. The Government continuously assesses the possibilities of, and the timing and process for, reducing state ownership in the companies in Category 1. Since the Storting considered the previous white paper on ownership policy, Report No 27 (2013–2014) *Diverse and value-creating ownership*, or before that, the Government has been authorised⁶ by the Storting to reduce the state's ownership, in whole or in part, in Ambita, Baneservice, Entra, Mesta, SAS and Veterinærmedisinsk Oppdragssenter (VESO). The two latter companies were sold in 2018 and 2019, respectively, and the state's ownership interest in Entra has been reduced. The Government will propose that the authorisations remain in place for companies that have not yet been sold. In Proposition 1 (Resolution) (2019–2020) to the Storting, the Government asked the Storting to authorise the full or partial sale, or alternatively dissolution, of GIEK

Kredittforsikring. The Government will also consider any relevant proposals for industrial solutions for Flytoget and, if relevant, ask the Storting for the necessary authorisation.

State ownership will only be reduced if doing so is deemed to be financially favourable for the state. How and when reductions are executed will depend on the company's situation and market conditions. The state's goal as an owner is the highest possible return over time.

It may also be an option to reduce the state's ownership in companies in Category 2, for example if the state's rationale for owning a company no longer applies or if the rationale can be fulfilled through different ownership structures or other measures. See also section 12.7 concerning that the state takes a positive view of initiatives for transactions that contribute to the attainment of the state's goal as an owner.

Since the Storting considered the previous white paper on ownership policy, the Government has been authorised to reduce the state's ownership interest in Telenor from 53.97 to 34 per cent. The authorisation has not been utilised and, based on an overall assessment, the Government sees no need to extend it. In the event that industrial transactions are proposed that could result in a reduction in the state's ownership interest, the Government will consider this in a normal manner and, if relevant, present the matter to the Storting.

Changes in the state's ownership in companies in Category 3 are usually only relevant if the need for a government policy instrument changes or lapses, or if the tasks a company has been assigned can be achieved more expediently or effectively by other means than state ownership.

It can be an option for the state to form new companies, including by hiving off state-run activities, if there are good reasons for doing so. The Government will not normally acquire shares in established companies in which the state is not currently an owner.

⁶ The authorisations are granted for one year at a time and are normally renewed every year in Proposition 1 (Resolution) to the Storting.

6 Review of the companies in which the state has an ownership interest

The companies are divided into three categories based on the state's goal as an owner and whether the state has a rationale for its ownership, see Figure 4.3 and section 5.2. The order in which the companies are presented follows this structure. The companies are presented alphabetically, and, in Categories 2 and 3, also according to the size of the state's ownership interest. Companies that are not categorised are presented in section 6.4.

The presentation of each company includes a brief description of its operations, including relevant figures relating to the size of the company, and framework conditions for the company, where relevant. More detailed information about the companies is provided annually in the State Ownership Report.¹

6.1 Companies in Category 1

Ambita AS

About the company

Ambita provides digitalisation solutions for the property market. Ambita's solutions are used in connection with most residential property sales in Norway today. The company was founded in 1992 and was exposed to competition in 2014. Ambita's head office is located in Oslo.

At year-end 2018, the company had 80 employees and a book equity of NOK 105 million. The operating revenues for 2018 amounted to NOK 394 million.

The state's ownership

The state no longer has any rationale for its ownership interest in Ambita. The state's goal as owner is the highest possible return over time.

The state owns 100 per cent of the company. The Government is authorised to reduce the state's ownership interest in whole or in part.

Baneservice AS

About the company

Baneservice provides railway-related maintenance services and new installations. The company was founded in 2005 when it was hived off from the Norwegian National Rail Administration. Baneservice's head office is located in Bærum.

At year-end 2018, the company had 424 employees and a book equity of NOK 248 million. The operating revenues for 2018 amounted to NOK 843 million.

The state's ownership

The state no longer has any rationale for its ownership interest in Baneservice. The state's goal as owner is the highest possible return over time.

The state owns 100 per cent of the company. The Government is authorised to reduce the state's ownership interest in whole or in part.

Entra ASA

About the company

Entra owns, manages and develops office premises in central locations near public transport hubs in the four largest cities in Norway. The company was founded in 2000 when it was hived off from Statsbygg. Entra is listed on Oslo Stock Exchange, and its head office is located in Oslo.

At year-end 2018, the company had 164 employees and a market value of NOK 21.2 billion. The rental income for 2018 amounted to NOK 2.2 billion.

The state's ownership

The state no longer has any rationale for its ownership interest in Entra. The state's goal as an owner is the highest possible return over time.

The state owns 22.27 per cent of the company. The Government is authorised to reduce the state's ownership interest in whole or in part.

¹ See the Government's web pages on state ownership.

Flytoget AS

About the company

Flytoget operates a rail passenger transport service between Drammen and Oslo Airport. The company had 6.8 million passengers in 2018, equivalent to about 10 per cent of all train passengers in Norway. Flytoget was established in 1992 for the purpose of developing the Gardermobanen line and has operated a passenger transport service since Oslo Airport opened in 1998. Flytoget's head office is located in Oslo.

At year-end 2018, the company had 331 employees and a book equity of NOK 721 million. The operating revenues for 2018 amounted to NOK 993 million.

The state's ownership

The state no longer has any rationale for its ownership interest in Flytoget. The state's goal as owner is the highest possible return over time.

The state owns 100 per cent of the company. If relevant proposals for industrial solutions are put forward, the Government will present the matter to the Storting.

GIEK Kredittforsikring AS

About the company

GIEK Kredittforsikring offers short-term credit insurance. The enterprise's history goes back to 1922, and it was hived off from the Norwegian Export Credit Guarantee Agency (GIEK) into a separate company in 2001. GIEK Kredittforsikring's head office is located in Oslo.

At year-end 2018, the company had 35 employees and a book equity of NOK 225 million.

The state's ownership

The state no longer has any rationale for its ownership interest in GIEK Kredittforsikring. The state's goal as owner is the highest possible return over time.

The state owns 100 per cent of the company. GIEK Kredittforsikring competes with private enterprises. A poor profitability outlook and potential state aid issues for the majority of the company's operations mean it is not justifiable for the company to continue operating in its current form. On this basis, the Government has asked the Storting to authorise the full or partial sale, or alternatively dissolution, of GIEK Kredittforsikring, see Proposition 1 (Resolution) (2019–

2020) to the Storting. The Government has also proposed to establish a limited offer of short-term government credit insurance for export under GIEK, as a supplement to the market and within the EEA Agreement's provisions on state aid.

Mesta AS

About the company

Mesta performs road operation and maintenance services all over Norway. In addition, the company delivers other projects and services related to road and railway, for example tunnel and rock-slide prevention, installation and maintenance of guard rails, electro technical services and construction projects. The company was hived off from the Norwegian Public Roads Administration in 2003. Mesta's head office is located in Bærum.

At year-end 2018, the company had 1,460 employees and a book equity of NOK 615 million. The operating revenues for 2018 amounted to NOK 4.1 billion.

The state's ownership

The state no longer has any rationale for its ownership interest in Mesta. The state's goal as owner is the highest possible return over time.

The state owns 100 per cent of the company. The Government is authorised to reduce the state's ownership interest in whole or in part.

6.2 Companies in Category 2

6.2.1 Ownership interest of one-third or less Eksportfinans ASA

About the company

Eksportfinans manages a portfolio of loans to the Norwegian export industry, foreign buyers of Norwegian capital goods, and the municipal sector in Norway. The majority of these loans are guaranteed by either the Norwegian Export Credit Guarantee Agency (GIEK) or banks. The company also manages a portfolio of international securities. Eksportfinans has not issued any new loans since 2012, when Eksportkreditt Norge AS assumed responsibility for issuing new government-supported export credit. The company was founded in 1962, and is now owned by 22 commercial and savings banks, in addition to the state. The state acquired its share through a private placement in 2001. Eksportfinans's head office is located in Oslo.

At year-end 2018, the company had 25 employees and a book equity of NOK 6.4 billion.

The state's ownership

The state's rationale for its ownership interest in Eksportfinans is to contribute to the company managing its existing portfolio in accordance with applicable contracts. The state's goal as an owner is the highest possible return over time.

The state owns 15 per cent of Eksportfinans. The other largest owners of Eksportfinans are DNB Bank ASA (40 per cent), Nordea Bank AB Norway Branch (23 per cent), Danske Bank AS (8 per cent) and Sparebanken Øst (5 per cent).

Aker Kværner Holding AS

About the company

Aker Kværner Holding owns approximately 40 per cent of the shares in Akastor ASA, Aker Solutions ASA and Kværner ASA. The state and the other owner of Aker Kværner Holding, Aker ASA, have entered into a shareholder agreement that gives the state and Aker negative control of Akastor, Aker Solutions and Kværner on certain material matters. The state became an owner in Aker Kværner Holding in 2007 through the purchase of shares.

At year-end 2018, the company had no employees and a book equity of NOK 7 billion.

Akastor is an oil service investment company with an active ownership approach. The company's largest investments in terms of value are in MHWirth AS and AKOFS Offshore AS. Aker Solutions develops products, systems and services necessary for releasing energy in the oil and gas industry and the offshore wind sector. Kværner provides engineering, procurement and fabrication services to oil and gas platforms, offshore wind installations and land-based facilities, and decommissioning and recycling of old offshore installations. Akastor, Aker Solutions and Kværner are listed on Oslo Stock Exchange, and their head offices are located in Bærum.

The state's ownership

The state's rationale for its ownership interest in Aker Kværner Holding is to contribute to the development of industrial expertise in petroleum-related activities and other new activity, and that Norway should play a leading role in relation to this type of expertise. The state's goal as an owner is the highest possible return over time.

The state owns 30 per cent of Aker Kværner Holding. The state has entered into a shareholder agreement with Aker ASA, which owns 70 per cent of the company. The Government is willing to consider value-creating transactions relating to the ownership of Aker Kværner Holding, including transactions that may reduce the state's ownership interest. If the possibility of such transactions arises, the Government will present the matter to the Storting.

6.2.2 Ownership interest of more than one-third, but not more than 50 per cent

DNB ASA

About the company

DNB is Norway's largest financial services group and one of the largest in the Nordic region. The group offers a broad range of financial services, including loans, saving, investments, payment services, advisory services, real estate broking, insurance and pension for private and corporate customers. The state became a shareholder in DNB during the banking crisis in the 1990s. DNB is listed on Oslo Stock Exchange and its head office is located in Oslo.

At year-end 2018, the company had 9,638 employees and a market value of NOK 220 billion. The operating revenues for 2018 amounted to NOK 13.5 billion.

The state's ownership

The state's rationale for its ownership interest in DNB is to maintain a leading technology and financial services company with head office functions in Norway. The state's goal as an owner is the highest possible return over time.

The state owns 34 per cent of DNB.

Nammo AS

About the company

Nammo provides high-technology products to the aerospace and defence industry. Its core activities include the development and production of rocket motors, military and commercial ammunition, shoulder fired systems and environmentally friendly demilitarisation. The company was founded in 1998 through a merger of Nordic ammunition companies with the intention of strengthening the security of supply for ammunition products in the Nordic region. Nammo's head office is located in Vestre Toten.

At year-end 2018, the company had 2,435 employees and a book equity of NOK 2.7 billion. The operating revenues for 2018 amounted to NOK 4.9 billion.

The state's ownership

The state's rationale for its ownership interest in Nammo is to maintain a leading technology and industry company with head office functions in Norway. In addition, it is considered expedient based on security and emergency preparedness considerations to keep a substantial part of the company's activities in Norway. The state's goal as an owner is the highest possible return over time.

The state owns 50 per cent of Nammo. The state has a shareholder agreement with Patria Oyj, which owns the other 50 per cent of the company, whereby the owners are granted extended shareholder rights.

Norsk Hydro ASA

About the company

Norsk Hydro (Hydro) is a global supplier of aluminium with activities throughout the whole value chain. The state took over a large ownership interest in Hydro after World War II. Hydro is listed on Oslo Stock Exchange, and its head office is located in Oslo.

At year-end 2018, the company had 36,236 employees and a market value of NOK 81 billion. The operating revenues for 2018 amounted to NOK 160 billion.

The state's ownership

The state's rationale for its ownership interest in Hydro is to maintain a leading technology and industrial company with head office functions in Norway. The state's goal as an owner is the highest possible return over time.

The state owns 34.26 per cent of Hydro.

Yara International ASA

About the company

Yara International (Yara) is an integrated fertiliser company with a portfolio of nitrogen-based products for industrial use. The company was founded in 2004 when it was hived off from Norsk Hydro ASA. Yara is listed on Oslo Stock Exchange, and its head office is located in Oslo.

At year-end 2018, the company had 16,757 employees and a market value of NOK 91 billion.

The operating revenues for 2018 amounted to NOK 107 billion.

The state's ownership

The state's rationale for its ownership interest in Yara is to maintain a leading technology and industrial company with head office functions in Norway. The state's goal as an owner is the highest possible return over time.

The state owns 36.21 per cent of Yara.

6.2.3 Ownership of more than 50 per cent, but less than two-thirds

Kongsberg Gruppen ASA

About the company

Kongsberg Gruppen is an international group that delivers high-technology systems and solutions to customers in the offshore industry, the oil and gas industry, the merchant fleet, and the defence and aerospace industries. The company is a continuation of the state-owned Kongsberg Våpenfabrikk, which was wound up in 1987. Kongsberg Gruppen is listed on Oslo Stock Exchange, and its head office is located in Kongsberg.

At year-end 2018, the company had 6,841 employees and a market value of NOK 21.2 billion. The operating revenues for 2018 amounted to NOK 14.4 billion.

The state's ownership

The state's rationale for its ownership interest in Kongsberg Gruppen is to maintain a leading technology and industrial company and defence industry supplier with head office functions in Norway. The state's goal as an owner is the highest possible return over time.

The state owns 50.001 per cent of Kongsberg Gruppen.

Telenor ASA

About the company

Telenor is a leading telecommunications company with around 180 million subscribers. The company was founded when Televerket was reorganised into a limited liability company in 1994. Telenor is listed on Oslo Stock Exchange, and its head office is located in Bærum.

At year-end 2018, Telenor had 21,000 employees and a market value of NOK 246 billion. The

operating revenues for 2018 amounted to NOK 110 billion.

The state's ownership

The state's rationale for its ownership interest in Telenor is to maintain a leading technology and industrial company with head office functions in Norway. The state's goal as an owner is the highest possible return over time.

The state owns 53.97 per cent of Telenor. In the event that industrial transactions are proposed, that could result in a reduction in the state's ownership interest, the Government will consider this in normal manner and, if relevant, present the matter to the Storting.

6.2.4 Ownership interest of two-thirds or more, but less than 100 per cent

Equinor ASA

About the company

Equinor is an international technology and energy company whose main activity is oil and gas production. The company also has downstream operations and activities in renewable energy, including offshore wind power and solar energy. The company is one of the world's largest net sellers of crude oil and condensate, and the second biggest supplier of natural gas to the European market. Equinor markets and sells the state's oil and gas together with its own volumes, in accordance with the sales and marketing instructions that were included in the company's articles of association before it was listed in 2001. The company was established as a wholly state-owned limited liability company in 1972. Equinor is listed on Oslo Stock Exchange and the New York Stock Exchange, and its head office is located in Stavanger.

At year-end 2018, the company had 20,500 employees and a market value of NOK 613 billion. The operating revenues for 2018 amounted to NOK 647 billion.

The state's ownership

The state's rationale for its ownership interest in Equinor is to maintain a leading technology and energy company with head office functions in Norway. In accordance with the sales and marketing instructions, Equinor sells the state's oil and gas together with its own volumes. This arrangement requires the state to be the majority owner

in Equinor. The state's goal as an owner is the highest possible return over time.

The state owns 67 per cent of Equinor.

6.2.5 Ownership interest of 100 per cent

Argentum Fondsinvesteringer AS

About the company

Argentum Fondsinvesteringer (Argentum) is an investment company primarily investing in private equity funds based in Norway and Northern Europe. These funds invest in non-listed companies with a potential for increased value creation and where the funds can make a difference. Argentum also manages capital on behalf of other investors. The company was founded in 2001. Argentum's head office is located in Bergen.

At year-end 2018, the company had 24 employees and a book equity of NOK 9.2 billion.

The state's ownership

The state's rationale for its ownership interest in Argentum is to maintain a significant investment company aimed at private equity funds with head office functions in Norway. The state's goal as owner is the highest possible return over time.

The state owns 100 per cent of Argentum.

Electronic Chart Centre AS

About the company

Electronic Chart Centre (ECC) contributes to improved safety at sea, on land and in the air, including the development and operation of a database of electronic navigational charts globally. The company was hived off from the Norwegian Mapping Authority in 1999, and it contributes to maintaining Norway's leading international role in maritime safety. ECC's head office is located in Stavanger.

At year-end 2018, the company had 22 employees and a book equity of NOK 5.5 million. The operating revenues for 2018 amounted to NOK 29.4 million.

The state's ownership

The state's rationale for its ownership interest in ECC is to contribute to maritime safety through an enterprise that manages authorised electronic navigational charts and makes them accessible to

the public. The state's goal as owner is the highest possible return over time.

The state owns 100 per cent of ECC.

Special framework conditions for the company

Most of ECC's revenues stem from a service agreement with the Norwegian Mapping Authority concerning the development and operation of authorised electronic charts for PRIMAR. PRIMAR is a collaboration on official chart data that involves hydrographic offices in several countries. The agreement between PRIMAR and ECC is based on an internal scheme for public purchase arrangements (*utvidet egenregi*).

Investinor AS

About the company

Investinor invests in competitive, internationally oriented Norwegian early-stage companies. The investments are made on a commercial basis and on equal terms as private investors. The company was founded in 2008. Investinor's head office is located in Trondheim.

At year-end 2018, the company had 18 employees and a book equity of NOK 2.7 billion.

The state's ownership

The state's rationale for its ownership interest in Investinor is to increase the access to capital for early-stage companies. The state's goal as owner is the highest possible return over time.

The state owns 100 per cent of Investinor.

Special framework conditions for the company

The company's articles of association set out special guidelines for its investments. Investinor's remit and role was assessed recently in the Capital Access Commission's report, Official Norwegian Report NOU 2018: 5, and in the comprehensive review of the range of policy instruments in place for the business sector. The Government has proposed changes for the company in Proposition 1 (Resolution) (2019–2020).

Kommunalbanken AS

About the company

Kommunalbanken offers long-term debt financing to the municipal sector. The undertaking was founded as a limited liability company in 1999 as a continuation of the government administrative

body Norges Kommunalbank, which was established in 1926. Kommunalbanken's head office is located in Oslo.

At year-end 2018, the company had 74 employees and a book equity of NOK 15.4 billion. The operating revenues for 2018 amounted to NOK 1.9 billion.

The state's ownership

The state's rationale for its ownership interest in Kommunalbanken is to facilitate financing for the municipal sector. The state's goal as owner is the highest possible return over time.

The state owns 100 per cent of Kommunalbanken.

Special framework conditions for the company

The company may only grant loans to municipalities, county authorities, intermunicipal companies and other companies that perform municipal tasks based on a municipal or state guarantee, or other adequate security.

Mantena AS

About the company

Mantena provides maintenance services for train operators in Norway, primarily maintenance of locomotives, carriages and multiple units. The company also maintains components and maintains and repairs rolling stock. The company was hived off from Vygruppen AS in 2017. Mantena's head office is located in Oslo.

At year-end 2018, the company had 1,044 employees and a book equity of NOK 146 million. The operating revenues for 2018 amounted to NOK 1.5 billion.

The state's ownership

The state's rationale for its ownership interest in Mantena is to have a provider of maintenance and workshop services for rolling stock. The state's goal as owner is the highest possible return over time.

The state owns 100 per cent of Mantena.

Nysnø Klimainvesteringer AS

About the company

Nysnø Klimainvesteringer (Nysnø) shall contribute to reducing greenhouse gas emissions through investments with a direct or indirect

effect on this objective. The company invests in non-listed companies and funds aimed at non-listed companies that have operations in Norway. It focuses on early-stage companies and invests primarily in the transition from technology development to commercialisation. The company was founded in 2017 and has been operational since autumn 2018. Nysnø's head office is located in Stavanger.

At year-end 2018, the company had five employees and a book equity of NOK 213 million.

The state's ownership

The state's rationale for its ownership interest in Nysnø is to reduce greenhouse gas emissions through profitable investments. The state's goal as owner is the highest possible return over time.

The state owns 100 per cent of Nysnø.

Posten Norge AS

About the company

Posten Norge is a Nordic mail and logistics group that develops and provides solutions in postal and logistics services and communications. The company was hived off from the state in 1996. Posten Norge's head office is located in Oslo.

At year-end 2018, the company had 15,021 employees and a book equity of NOK 6.5 billion. The operating revenues for 2018 amounted to NOK 23.9 billion.

It is essential for the Government that there is a supplier capable of meeting society's need for nationwide postal services. This consideration is therefore included in Posten Norge's articles of association. Following deregulation of the postal market through the introduction of a new Postal Services Act, what was previously Posten Norge's social mission will be fulfilled through sector regulation and agreements.

The state's ownership

The state's rationale for its ownership interest in Posten Norge is to have a provider that can meet the state's need for nationwide postal services. This is stated in the company's articles of association. Within the boundaries of the articles of association, the state's goal as owner is the highest possible return over time.

The state owns 100 per cent of Posten Norge.

Special framework conditions for the company

The Ministry of Transport and Communications has appointed Posten Norge as the provider with a duty to deliver postal services. The state exercises its authority by purchasing services from Posten Norge to ensure nationwide provision of postal services. The state regulates the content and quality of the services through the Postal Services Act.

Statkraft SF

About the company

Statkraft is the biggest producer of renewable energy in Europe and a major player on the European energy market. The company also engages in both production and trading in selected markets in Asia and South America. Statkraft's main business is in Norway through the company's Norwegian hydropower operations. The company can also invest in profitable projects abroad. The company was hived off from Statskraftverkene in 1992. Statkraft's head office is located in Oslo.

At year-end 2018, the company had 3,557 employees and a book equity of NOK 91 billion. The operating revenues for 2018 amounted to NOK 27.6 billion.

The state's ownership

The state's rationale for its ownership interest in Statkraft is to own Norwegian hydropower resources and to maintain a leading technology and industry company with head office functions in Norway. This contributes to the development of Norwegian expertise in renewable energy. The state's goal as owner is the highest possible return over time.

The state owns 100 per cent of Statkraft.

Vygruppen AS

About the company

Vygruppen (Vy) is a transport group with business activities in Norway and Sweden. The group's main business areas are rail passenger services, rail freight transport and bus services. The company was established as a separate enterprise in 1996 and has been organised as a state-owned limited liability company since 2002. Vy's head office is located in Oslo.

At year-end 2018, the company had 10,999 employees and a book equity of NOK 4.9 billion. The operating revenues for 2018 amounted to NOK 15.9 billion.

The state's ownership

The state's rationale for its ownership interest in Vy is to have a provider that can meet the state's need for rail passenger services and rail freight transport. The state's goal as owner is the highest possible return over time.

The state owns 100 per cent of Vy.

Special framework conditions for the company

Up until today, the state has exercised its authority by financing most of the rail passenger services through direct public purchases. During the period 2018–2024, the market will be opened for competition through competitive tenders. Based on tenders, the state will decide the content and scope of rail passenger services.

6.3 Companies in Category 3²

6.3.1 Ownership interest of one-third or less

Graminor AS

About the company

Graminor engages in plant breeding, represents imported varieties and produces pre-basic seed. The company was founded in 2002 as a continuation of Norsk Kornforedling AS for the purpose of concentrating Norwegian plant breeding for agriculture and horticulture in a single company. Graminor's head office is located in Hamar.

At year-end 2018, the company had 34 employees and a book equity of NOK 71.4 million. The operating revenues for 2018 amounted to NOK 75.5 million.

The state's ownership

The state's rationale for its ownership interest in Graminor is to have a company that breeds plants suitable for the Norwegian and Nordic climate. The state's goal as an owner is cost-effective development, production and sale of plant matter to the agriculture and horticulture industry, suitable for Norwegian and Nordic growth conditions.

The state owns 28.2 per cent of Graminor. The other owners are Felleskjøpet Agri SA (36.7 per cent), Strand Unikorn AS (9.4 per cent), the Norwegian Institute of Bioeconomy Research (5 per cent), Gartnerhallen SA (4.7 per cent), the Norwe-

gian University of Life Sciences (0.8 per cent) and the company itself (15.1 per cent).

Special framework conditions for the company

Through the Agricultural Agreement, the state supports plant breeding programmes that are socio-economically profitable and important for the agriculture and horticulture industry, but not commercially profitable. Graminor applies for such support from the Norwegian Agriculture Agency, which issues a letter of allocation when funds are granted.

Talent Norge AS

About the company

Talent Norge provides expertise, development opportunities and financial support for artistic talents. The company gives priority to artistic talents who are either just about to complete an arts education or have recently graduated. The target group comprises both performing and creative artists in all forms and expressions of art. Talent Norge works with leading organisations, institutions and communities in the Norwegian cultural sector. The company was founded in 2015. Talent Norge's head office is located in Oslo.

At year-end 2018, the company had three employees and a book equity of NOK 6.2 million. The operating revenues for 2018 amounted to NOK 62 million.

The state's ownership

The state's rationale for its ownership interest in Talent Norge is to contribute to developing the best artistic talents in Norway in a partnership between the state and private players, and thereby contribute to promoting art and culture of a high international standard and more world-class artists. The state's goal as an owner is to contribute to developing the best artistic talents in Norway.

The state owns 33.33 per cent of Talent Norge. Kristiansand Kommunes Energiverksstiftelse (Cultiva) and Sparebankstiftelsen DNB are equal owners.

Special framework conditions for the company

The company is partly financed by public grants. The Ministry of Culture sets out the goals, framework conditions and guidelines for the allocation in its annual assignment letter. The company collaborates with private contributors who make

² See also Figure 8.1 for different characteristics of the companies in Category 3.

equal private contributions to the company's activities.

6.3.2 Ownership interest of more than one-third, but not more than 50 per cent

Nordisk Institutt for Odontologiske Materialer AS

About the company

The Nordic Institute of Dental Materials (NIOM) is a Nordic cooperative body for dental biomaterials. The company's research, material testing, standardisation and research-based educational activities target the Nordic dental health service and health authorities in the Nordic countries. NIOM helps to ensure that patients in the Nordic countries receive safe, well-functioning biomaterials. The undertaking was established in 1972 as an institute organised under the Nordic Council of Ministers and was converted into a limited liability company in 2009. NIOM's head office is located in Oslo.

At year-end 2018, the company had 27 employees and a book equity of NOK 13.2 million. The operating revenues for 2018 amounted to NOK 36.2 million.

The state's ownership

The state's rationale for its ownership interest in NIOM is to ensure a Nordic influence in the management of the company. The state's goal as an owner is to contribute to the best possible quality and patient safety in the use of dental materials in the Nordic countries.

The state owns 49 per cent of NIOM. Norce AS owns 51 per cent of the company.

Special framework conditions for the company

The Directorate of Health and the Nordic Council of Ministers provide grants for the company and issue the pertaining letters of allocation.

6.3.3 Ownership of more than 50 per cent, but less than two-thirds

Innovasjon Norge (special legislation company)

About the company

Innovasjon Norge is a policy instrument used by the state and county authorities to realise value-creating business development throughout Norway. The company manages business-oriented policy instruments on behalf of various minis-

tries and the county authorities. The common objective of these policy instruments is to promote business development that is both commercially and socio-economically profitable and to realise regional business opportunities by means of facilitating more good entrepreneurs, more high-growth companies and more innovative business communities. The company was founded in 2003 by merging several different policy instruments. Innovasjon Norge's head office is located in Oslo.

At year-end 2018, the company had 723 employees and a book equity of NOK 1.6 billion. The operating revenues for 2018 amounted to NOK 1.3 billion.

The state's ownership

The state's rationale for its ownership interest in Innovasjon Norge is to contribute to a publicly coordinated range of business-oriented measures and schemes intended to promote business development that is both commercially and socio-economically profitable, and to trigger regional business opportunities. The state's goal as an owner is to promote value-creating business development throughout Norway.

The state owns 51 per cent of Innovasjon Norge. The county authorities own 49 per cent of the company.

Special framework conditions for the company

The company is regulated by the Act of 19 December 2003 No 103 relating to Innovasjon Norge. The company performs assignments for several ministries, including the Ministry of Trade, Industry and Fisheries, and the county authorities. The assignments are specified in assignment letters to the company. The company's activities are primarily financed by grants, user fees and market revenues from its public assignments. Loans furnished by the company are financed through credit from the state.

Kimen Såvarelaboratoriet AS

About the company

Kimen Såvarelaboratoriet (Kimen) is a Norwegian resource centre for seed quality and seed analyses, and it is the national reference laboratory for seed analyses. The undertaking has existed for more than 130 years and became a limited liability company in 2004. Kimen's head office is located in Ås.

At year-end 2018, the company had 21 employees and a book equity of NOK 11.9 million. The operating revenues for 2018 amounted to NOK 12.9 million.

The state's ownership

The state's rationale for its ownership interest in Kimen is to have a Norwegian provider of seed quality and seed analysis services. The state's goal as an owner is to achieve the most resource-efficient possible seed and seed grain analysis in Norway.

The state owns 51 per cent of Kimen. Felleskjøpet Agri and Strand Unikorn AS own 34 and 15 per cent, respectively, of the company.

Special framework conditions for the company

The public sector purchases services from Kimen through a knowledge support agreement between Kimen and the Norwegian Food Safety Authority.

Nofima AS

About the company

Nofima is an industry-oriented research institute that emphasises practical application of the research results. The company helps to ensure that new research-based knowledge and ideas with a commercial potential create jobs through sustainable production, new products and services. Nofima conducts research on assignment for the aquaculture industry, the fisheries industry, the land and sea-based food industry, the supplier industry, the feed supplier and ingredients industry, and the public administration. The company was founded in 2008. Nofima's head office is located in Tromsø.

At year-end 2018, the company had 390 employees and a book equity of NOK 171 million. The operating revenues for 2018 amounted to NOK 477 million.

The state's ownership

The state's rationale for its ownership interest in Nofima is to have an institute that carries out research and manages research infrastructure in the aquaculture, fisheries and food industries, in areas that are not funded by the market and that are of strategic importance to Norway and different regions. The state's goal as an owner is to contribute to value creation in the food, fisheries and

aquaculture industries through long-term strategic, industry-oriented research.

The state owns 56.8 per cent of Nofima. Stiftelsen for Landbrukets Næringsmiddelforskning and Akvainvest Møre og Romsdal AS own 33.2 and 10 per cent, respectively, of the company.

Special framework conditions for the company

The Ministry of Trade, Industry and Fisheries allocates grants for the company and issues the pertaining letter of allocation, among other things to safeguard the research infrastructure.

6.3.4 Ownership interest of two-thirds or more, but less than 100 per cent

Andøya Space Center AS

About the company

Andøya Space Center provides operational services and products related to space and atmospheric research, environmental monitoring and technology testing and verification. The company also contributes to knowledge development and increased interest in these areas. The company was hived off from the administrative agency the Norwegian Space Agency in 1997. Andøya Space Center's head office is located in Andøy.

At year-end 2018, the company had 94 employees and a book equity of NOK 97.6 million. The operating revenues for 2018 amounted to NOK 141 million.

The state's ownership

The state's rationale for its ownership interest in Andøya Space Center is to make sure that Norwegian business and industry, research communities and the public administration have access to infrastructure for technology testing and scientific research. The state's goal as an owner is to strengthen expertise in the fields of technology and science among Norwegian businesses, research communities and the public administration.

The state owns 90 per cent of Andøya Space Center. Kongsberg Defence & Aerospace AS, a subsidiary of Kongsberg Gruppen ASA, owns 10 per cent of the company.

Special framework conditions for the company

About 40 per cent of the company's revenues originate from the Estrange Andøya Special Pro-

ject (EASP), a multilateral agreement between Germany, France, Switzerland, Sweden and Norway. The countries that participate in the project pay an annual contribution to fund launch activities for researchers from the respective countries. The EASP agreement guarantees a basic income for the rocket launch site on Andøya.

The subsidiary NAROM AS (the Norwegian Centre for Space-related Education) receives an annual basic allocation from the Ministry of Education and Research with a pertaining letter of allocation.

Andøya Space Center's articles of association do not allow the company to pay dividends.

Carte Blanche AS

About the company

Carte Blanche is Norway's national contemporary dance company and the only permanent contemporary dance ensemble in Norway. The company was established in 1988. It produces and presents performances created by both new and recognised Norwegian and international contemporary dance choreographers. Carte Blanche is based in Bergen.

At year-end 2018, the company had 30 employees and a book equity of NOK 8.5 million. The operating revenues for 2018 amounted to NOK 41.3 million.

The state's ownership

The state's rationale for its ownership interest in Carte Blanche is to contribute to making high-quality art and culture available to the general public and to promote artistic development and renewal. The state's goal as an owner is for performances of high artistic quality to reach a broad audience.

The state owns 70 per cent of Carte Blanche.³ Hordaland County Authority and the City of Bergen own 15 per cent each of the company.

³ In 2018, the Ministry of Culture presented Report No 8 (2018–2019) to the Storting: The Power of Culture – Cultural Policy for the Future. It outlines new national cultural policy goals that make it clear that cultural policy is a national commitment area with policy instruments and measures at the state, county and municipal levels. In its follow-up of the report, the Ministry of Culture will consider the most suitable form of organisation and ownership for Carte Blanche, Den National Scene, Rogaland Teater and Trøndelag Teater in dialogue with each company and their other owners. This could lead to changes in the companies' ownership, organisation and objectives.

Special framework conditions for the company

The company is largely financed by public grants. The Ministry of Culture sets out the goals, framework conditions and guidelines for its share of the grants in an annual letter of allocation.

AS Den Nationale Scene

About the company

Den Nationale Scene is one of five national dramatic art institutions in Norway. The theatre creates socially relevant, engaging and significant theatre productions of high artistic quality for a broad audience. The theatre is a continuation of Det Norske Theater, which was established by Ole Bull in 1850. The state became a part-owner in 1972. Den Nationale Scene is based in Bergen.

At year-end 2018, the company had 142 employees and a book equity of NOK 46.2 million. The operating revenues for 2018 amounted to NOK 163 million.

The state's ownership

The state's rationale for its ownership interest in Den Nationale Scene is to contribute to making high-quality art and culture available to the general public and to promote artistic development and renewal. The state's goal as an owner is for performances of high artistic quality to reach a broad audience.

The state owns 66.67 per cent of Den Nationale Scene.³ Hordaland County Authority and the City of Bergen own 16.67 per cent each of the company.

Special framework conditions for the company

The company is largely financed by public grants. The Ministry of Culture sets out the goals, framework conditions and guidelines for its share of the grants in an annual letter of allocation.

Rogaland Teater AS

About the company

Rogaland Teater is a regional theatre that engages in theatre activities in Stavanger and the surrounding region as well as tours. The children and youth theatre, where children perform for children in a professional setting, is an integral part of the theatre's activities. The theatre was established in 1883, and the state became a

part-owner in 1972. Rogaland Teater is based in Stavanger.

At year-end 2018, the company had 124 employees and a book equity of NOK 56.5 million. The operating revenues for 2018 amounted to NOK 120 million.

The state's ownership

The state's rationale for its ownership interest in Rogaland Teater is to contribute to making high-quality art and culture available to the general public and to promote artistic development and renewal. The state's goal as an owner is for performances of high artistic quality to reach a broad audience.

The state owns 66.67 per cent of Rogaland Teater.³ The City of Stavanger and Rogaland County Authority own 25.56 and 7.78 per cent, respectively, of the company.

Special framework conditions for the company

The company is largely financed by public grants. The Ministry of Culture sets out the goals, framework conditions and guidelines for its share of the grants in an annual letter of allocation.

Trøndelag Teater AS

About the company

Trøndelag Teater is a regional theatre that engages in theatre activities in Trondheim and the surrounding region, as well as tours/guest performances. The theatre was established in 1937, and the state became a part-owner in 1972. Trøndelag Teater is based in Trondheim.

At year-end 2018, the company had 168 employees and a book equity of NOK 12.1 million. The operating revenues for 2018 amounted to NOK 124 million.

The state's ownership

The state's rationale for its ownership interest in Trøndelag Teater is to contribute to making high-quality art and culture available to the general public and to promote artistic development and renewal. The state's goal as an owner is for performances of high artistic quality to reach a broad audience.

The state owns 66.67 per cent of Trøndelag Teater.³ Trøndelag County Authority and the City of Trondheim own 16.67 per cent each of the company.

Special framework conditions for the company

The company is largely financed by public grants. The Ministry of Culture sets out the goals, framework conditions and guidelines for its share of the grants in an annual letter of allocation.

6.3.5 Ownership interest of 100 per cent

Avinor AS

About the company

Avinor owns, operates and develops a nationwide network of airports for civil aviation and a joint air navigation service for civil and military aviation. The company's operations include 43 airports in Norway, including air traffic control towers, control centres and other technical air navigation infrastructure. In addition, Avinor receives commercial revenues from services in connection with the airports. The company was founded in 2003 when the state enterprise Luftfartsverket was converted into a state-owned limited liability company. Avinor's head office is located in Oslo.

At year-end 2018, the company had 3,099 employees and a book equity of NOK 14.5 billion. The operating revenues for 2018 amounted to NOK 11.7 billion.

The state's ownership

The state's rationale for its ownership interest in Avinor is the operation and development of a nationwide network of airports as well as civil and military air navigation services. The state's goal as owner is cost-efficient, safe operation and development of state-owned airports and air navigation services.

The state owns 100 per cent of Avinor.

Special framework conditions for the company

Avinor receives revenues from airport and air navigation services in the form of charges paid by the airlines, as regulated by the Ministry of Transport. The regulated revenues account for just under half of Avinor's total revenues.

Financing of the group's activities is based on a co-funding model. The model entails that unprofitable airports are financed by the profit generated by profitable airports, especially Oslo Airport. The model is justified under state aid law by the exemption for network funding.

The company performs official tasks, including to keep the airports open for ambulance

planes and ambulance helicopters outside normal opening hours.

Bane NOR SF

About the company

Bane NOR is responsible for planning, development, management, operation and maintenance of the national rail network, for traffic management, and for the management and development of railway property. Bane NOR was founded in 2016, and in 2017, the majority of the activities of the administrative agency Norwegian National Rail Administration (Jernbaneverket) were transferred to Bane NOR. Bane NOR's head office is located in Oslo.

At year-end 2018, the company had 4,400 employees and a book equity of NOK 10 billion. The operating revenues for 2018 amounted to NOK 15.2 billion.

The state's ownership

The state's rationale for its ownership interest in Bane NOR is to manage and develop national railway infrastructure and railway property. The state's goal as owner is cost-efficient management and development of safe, accessible railway infrastructure and railway-related property activities.

The state owns 100 per cent of Bane NOR.

Special framework conditions for the company

The Norwegian Railway Directorate enters into agreements with Bane NOR for the planning, development, management, operation and maintenance of the national rail network, traffic management and the management of railway property. Bane NOR is primarily funded through the Directorate's purchase of services under these agreements. In addition, Bane NOR receives revenues from train companies through railway infrastructure charges and user fees.

Bjørnøen AS

About the company

Bjørnøen owns all the land and some buildings of historic value on Bjørnøya island. Bjørnøya Nature Reserve covers most of the island. Bjørnøen was taken over by the state in 1932, and in 1967, it was placed under the management of Kings Bay AS, a company that also provides management services to Bjørnøen. Bjørnøen's head office is located in Ny-Ålesund.

At year-end 2018, the company had no employees and a book equity of NOK 4 million. The operating revenues for 2018 amounted to NOK 0.2 million.

The state's ownership

The state's rationale for its ownership interest in Bjørnøen is to manage the state's ownership of the land on Bjørnøya. The state's goal as owner is to manage the state's ownership of the land on Bjørnøya.

The state owns 100 per cent of Bjørnøen. The Government is considering whether to transfer title to the land on Bjørnøya (all the company's activities) to the Ministry of Trade, Industry and Fisheries, which manages all state-owned land in Svalbard.

Den Norske Opera & Ballett AS

About the company

Den Norske Opera & Ballett is the country's biggest institution for music and dramatic art. It produces high-quality opera and ballet performances and concerts for a broad audience. The institution comprises the Norwegian National Ballet and the Norwegian National Opera, the Norwegian National Opera Orchestra, the Norwegian National Opera Chorus, the Norwegian National Ballet 2, the Norwegian National Opera Children's Chorus and the Norwegian National Ballet School. The company was established in 1957. Den Norske Opera & Ballett is based in Oslo.

At year-end 2018, the company had 648 employees and a book equity of NOK 99 million. The operating revenues for 2018 amounted to NOK 786 million.

The state's ownership

The state's rationale for its ownership interest in Den Norske Opera & Ballett is to contribute to the general public's access to opera, ballet and concerts of high artistic quality, and to promote artistic development and renewal. The state's goal as owner is for performances of high artistic quality to reach a broad audience.

The state owns 100 per cent of Den Norske Opera & Ballett.

Special framework conditions for the company

The company is largely financed by state grants. The Ministry of Culture sets out the goals, frame-

work and guidelines for the grant in its annual letter of allocation.

Eksporkreditt Norge AS

About the company

Eksporkreditt Norge manages the state's export credit scheme (loan scheme), which entails offering financial services for the purchase of capital goods and services, principally for export. The purpose is to offer export credit on internationally competitive terms to Norwegian export companies' customers. The company was founded in 2012 when it took over responsibility for management of the state's export credit scheme from Eksportfinans ASA. Eksporkreditt Norge's head office is located in Oslo.

At year-end 2018, the company had 45 employees and a book equity of NOK 29.4 million. The operating revenues for 2018 amounted to NOK 114 million.

The state's ownership

The state's rationale for its ownership interest in Eksporkreditt Norge is to have a manager of the export credit scheme. The state's goal as owner is to promote Norwegian export through competitive, accessible and effective export financing.

The state owns 100 per cent of Eksporkreditt Norge.

Special framework conditions for the company

The company's activities are regulated by the Act of 22 June 2012 No 57 relating to Eksporkreditt Norge, the Regulations relating to the Export Credit Scheme and the OECD-affiliated export financing agreement Arrangement on Officially Supported Export Credits.

The Norwegian State is liable for the commitments Eksporkreditt Norge incurs in connection with its lending activities. The loans are financed by the Treasury and are recorded in the central government's balance sheet. All loans must be guaranteed by a state export guarantee institution and/or a financial institution with a good credit rating.

Grants from the Ministry of Trade, Industry and Fisheries for the operation of the export credit scheme are the company's only source of income. The Ministry sends an annual assignment letter to the company that outlines, among other things, resolutions made by the Storting concerning the grant for the company and appro-

priations for the export credit scheme, priorities for the company's management of the scheme as well as measurement parameters and reporting requirements relating to management of the scheme.

Enova SF

About the company

Enova contributes to reductions in greenhouse gas emissions, improved security of energy supply and technology development, which will bring about reductions in greenhouse gas emissions in the long term. The company's main policy instrument is investment support. The company's tasks are outlined in more detail in an agreement between the Ministry of Climate and Environment and Enova on the management of the Climate and Energy Fund. The company was founded in 2001 following a reorganisation of the work relating to the restructuring of energy consumption and production. Enova's head office is located in Trondheim.

At year-end 2018, the company had 77 employees and a book equity of NOK 30.7 million. The operating revenues for 2018 amounted to NOK 127 million.

The state's ownership

The state's rationale for its ownership interest in Enova is to ensure a policy instrument for the transition to a low-emission society. The state's goal as owner is the highest possible reduction in greenhouse gas emissions, improved security of energy supply and technology development, which will bring about reduction in greenhouse gas emissions in the long term, in line with the four-year agreements on the management of the Climate and Energy Fund.

The state owns 100 per cent of Enova.

Special framework conditions for the company

Enova manages the Climate and Energy Fund, which is intended as a long-term source of funding for the company's work. The Fund's revenues stem from an additional charge on the network tariff, transfers via the national budget and interest earned on the capital in the fund.

The Ministry of Climate and Environment enters into an agreement with Enova on the management of the Climate and Energy Fund, including targets, framework conditions and reporting requirements. The annual budget frame-

work for Enova's operations is set out in the assignment letter from the Ministry of Climate and Environment.

Entur AS

About the company

Entur provides ticket sales and ticketing solutions for railway operators. The company also supplies solutions whereby travellers can buy through tickets that cover their whole journey even if it involves more than one public transport company. Entur cooperates with the public transport operators on the collection and sharing of public transport data for all of Norway on an openly accessible digital platform. Entur also provides a national travel planning service for travellers. The company was hived off from Vygruppen AS in 2017. Entur's head office is located in Oslo.

At year-end 2018, the company had 250 employees and a book equity of NOK 126 million. The operating revenues for 2018 amounted to NOK 470 million.

The state's ownership

The state's rationale for its ownership interest in Entur is to have a provider capable of offering basic travel planning and ticketing services for the public transport sector on competition-neutral terms. The state's goal as owner is cost-efficient development and operation of travel planning and ticketing services for the public transport sector.

The state owns 100 per cent of Entur.

Special framework conditions for the company

The Norwegian Railway Directorate requires train operators to enter into agreements with Entur for the provision of sales and ticketing services. These services are fully financed by the train operators, and the terms and conditions follow from the Directorate's traffic agreements with the operators.

The Directorate enters into agreements to purchase services from Entur relating to the collection and publication of timetable data, the operation of a national travel planning service, and electronic ticketing for other public transport. These tasks are partly financed via the national budget and partly through a fee collected by the Directorate.

Entur's collection of timetable data is authorised under the Professional Transport Regulations and the Regulations relating to Ticketing in Rail Transport.

Fiskeri- og havbruksnæringens forskningsfinansiering AS

About the company

Fiskeri- og havbruksnæringens forskningsfinansiering (FHF) funds industry-based research and development. The undertaking was established in 2000 and converted into a limited liability company in 2019. FHF's head office is located in Oslo.

The state's ownership

The state's rationale for its ownership interest in FHF is to strengthen funding of marine research and development. The state's goal as owner is to strengthen funding of marine research and development to create added value, environmental adaptation, restructuring and innovation in the fisheries and aquaculture industry.

The state owns 100 per cent of FHF.

Special framework conditions for the company

The company is financed by the fisheries and aquaculture industry through a statutory research levy on the export value of fish and fish products, see the Act of 7 July 2000 No 68 relating to a Research and Development Levy in the Fisheries and Aquaculture Industry. Use of the funds is regulated by the Regulations relating to a Research and Development Levy in the Fisheries and Aquaculture Industry.

Gassco AS

About the company

Gassco is the operator for the integrated gas transport system from the Norwegian continental shelf to Europe. The gas transport system is a natural monopoly that consists of pipelines, processing facilities, platforms and gas terminals on the European continent and in the UK. The company was founded in 2001. Gassco's head office is located in Karmøy.

At year-end 2018, the company had 330 employees and a book equity of NOK 16 million.

The state's ownership

The state's rationale for its ownership interest in Gassco is to ensure a single neutral and independent operator for the integrated gas transport system and to facilitate efficient utilisation of the resources on the Norwegian continental shelf. The state's goal as owner is efficient operation and

comprehensive development of the gas transport system on the Norwegian continental shelf.

The state owns 100 per cent of Gassco.

Special framework conditions for the company

Gassco has general and special responsibilities as operator. The general operatorship involves the management of processing facilities, pipelines, platforms and gas terminals pursuant to the Act of 29 November 1996 No 72 relating to Petroleum Activities and requirements set out in legislation relating to health, safety and the environment. The general operatorship is exercised on behalf of the gas infrastructure owners on their account and risk. The special operatorship involves tasks relating to system operation, capacity administration and infrastructure development, see the Petroleum Activities Act and Regulations.

The costs of operating the transport system are covered by the users through a tariff, see the Regulations relating to the Stipulation of Tariffs etc. for Certain Facilities, which also provide the owners with a reasonable return on their investments. Gassco does not make a profit or loss from its operations.

Gassnova SF

About the company

Gassnova manages the state's interests relating to the capture, transport and geological storage of carbon dioxide. This includes promoting technology development and competence-building for cost-effective, forward-looking carbon capture and storage (CCS) solutions, and advising the Ministry of Petroleum and Energy on matters related to the CCS work. Gassnova was established as a government agency in 2005 and converted into a state enterprise in 2007. Gassnova's head office is located in Porsgrunn.

At year-end 2018, the company had 42 employees and a book equity of NOK 13 million. The operating revenues for 2018 amounted to NOK 295 million.

The state's ownership

The state's rationale for its ownership interest in Gassnova is to safeguard the state's interests relating to carbon capture and storage (CCS). The state's goal as owner is to contribute to technology development and competence-building for cost-effective, forward-looking CCS solutions.

The state owns 100 per cent of Gassnova.

Special framework conditions for the company

The company is largely funded through the national budget. The Ministry of Petroleum and Energy sets out guidelines for the funds and the company's activities in an annual assignment letter.

Kings Bay AS

About the company

Kings Bay owns and is responsible for operating and developing the infrastructure in Ny-Ålesund, Svalbard. The company's operations include accommodation, catering, purchasing and organising air transport services, maritime services, emergency preparedness, engineering services and water and electricity supply. Ten research communities from different nations are permanently based in Ny-Ålesund, and every year, close to 20 different research communities carry out research projects on the company's property in and around Ny-Ålesund. Kings Bay's head office is located in Ny-Ålesund.

At year-end 2018, the company had 26 employees and a book equity of NOK 4.6 million. The operating revenues for 2018 amounted to NOK 68.2 million.

The state's ownership

The state's rationale for its ownership interest in Kings Bay is to attend to the operation, maintenance and development of infrastructure in Ny-Ålesund to develop it as a Norwegian platform for international world-class research collaborations. The state's ownership also helps to maintain Norwegian communities in the archipelago, which is one of the overriding objectives of the state's Svalbard policy. The state's goal as owner is to ensure that Kings Bay's properties, buildings and infrastructure are operated, maintained and developed as efficiently as possible with a view to making the best possible use of Ny-Ålesund as a platform for international world-class research collaboration.

The state owns 100 per cent of Kings Bay.

Special framework conditions for the company

The state's Svalbard policy⁴ and the framework defined for the development of activities in Ny-Ålesund have a bearing on the company's activities. Furthermore, the Government's strategy for research and higher education in Svalbard and

⁴ Report No 32 (2015–2016) to the Storting: Svalbard.

the research strategy for Ny-Ålesund define the framework conditions for the research conducted there, and thereby also for the company's activities. The company receives an annual grant from the Ministry of Climate and Environment and a pertaining letter of allocation relating to major investments and, if applicable, operation.

Nationaltheatret AS

About the company

Nationaltheatret is one of five national dramatic art institutions in Norway. Its performances shall be bold and relevant, and the theatre shall be open and engage the public. The theatre was established in 1899 and became state-owned in 1972. Nationaltheatret is located in Oslo.

At year-end 2018, the company had 400 employees and a book equity of NOK 6.2 million. The operating revenues for 2018 amounted to NOK 285 million.

The state's ownership

The state's rationale for its ownership interest in Nationaltheatret is to contribute to making theatre performances of high artistic quality available to the general public, and to promote artistic development and renewal. The state's goal as owner is for performances of high artistic quality to reach a broad audience.

The state owns 100 per cent of Nationaltheatret.

Special framework conditions for the company

The company is largely financed by state grants. The Ministry of Culture sets out the goals, framework and guidelines for the grant in its annual letter of allocation.

Norfund (special legislation company)

About the company

Norfund – the Norwegian Investment Fund for Developing Countries – is the state's investment fund for private sector development in developing countries. The company provides equity and loans to viable businesses, which in turn stimulates economic development and job creation in developing countries. The return on the investment portfolio is reinvested. Norfund prioritises investments in clean energy, green infrastructure, financial institutions and scalable enterprise, including in agribusiness and the manufacturing industry, with a

view to contributing to the development of sustainable businesses and growth in developing countries. The company was founded in 1997. Norfund's head office is located in Oslo.

At year-end 2018, the company had 75 employees and a book equity of NOK 25.9 billion.

The state's ownership

The state's rationale for its ownership interest in Norfund is to contribute to sustainable business development and job creation in developing countries through investments in viable businesses that would otherwise not be initiated due to the high risk involved. The state's goal as owner is to contribute to sustainable business development in developing countries.

The state owns 100 per cent of Norfund.

Special framework conditions for the company

Norfund's activities and investments are regulated by the Act of 9 May 1997 No 26 relating to the Norwegian Investment Fund for Developing Countries and the company's articles of association. Norfund shall be a minority investor and prioritise investments in Sub-Saharan Africa and the least developed countries in renewable energy and risk-exposed sectors that yield particularly high development effects.

Norfund has received funds over the national budget since its formation. The company is not subject to earning requirements over and above the profitable business requirement.

Norges sjømatråd AS

About the company

Norges sjømatråd (Norwegian Seafood Council) contributes to increased value creation in the fisheries and aquaculture industry by increasing demand for and knowledge about Norwegian seafood in Norway and abroad. This is achieved through the marketing of Norway as a country of origin, and through market information, market access and emergency preparedness work. The company also aims to develop new and established markets, and to promote and consolidate the reputation of Norwegian seafood. The company was founded in 1991. Norges sjømatråd's head office is located in Tromsø.

At year-end 2018, the company had 79 employees and a book equity of NOK 294 million. The operating revenues for 2018 amounted to NOK 375 million.

The state's ownership

The rationale for the state's ownership of Norges sjømatråd is to facilitate funding of activities intended to contribute to increasing demand for and knowledge about Norwegian seafood. The state's goal as owner is to maximise the export value of Norwegian seafood.

The state owns 100 per cent of Norges sjømatråd.

Special framework conditions for the company

The company is financed through a statutory market fee on all export of Norwegian fish and seafood, see the Act of 27 April 1990 No 9 relating to the Regulation of Exports of Fish and Fish Products. The company's activities are regulated by the Regulations relating to the Regulation of Exports of Fish and Fish Products.

Norsk Helsenett SF*About the company*

Norsk Helsenett is charged with operating and developing secure, robust and expedient national ICT infrastructure for efficient interaction between all parties in the health and care sector (the Health Network). This includes the development and operation of a number of national services such as the website www.helsenorge.no, summary care records and Electronic Data Interchange (EDI). The customer group consists of all the health trusts, municipalities, regular GPs and other practitioners in the health and care sector, as well as a number of third-party suppliers that provide services to these parties via the Health Network. The company was founded in 2009. Norsk Helsenett's head office is located in Trondheim.

At year-end 2018, the company had 373 employees and a book equity of NOK 109 million. The operating revenues for 2018 amounted to NOK 729 million.

The state's ownership

The state's rationale for its ownership interest in Norsk Helsenett is to have direct control of the enterprise that makes necessary digital infrastructure available to the health and care sector. The state's goal as owner is to facilitate an expedient and secure digital infrastructure for efficient interaction between all parts of the health and care services, and to contribute to simplifica-

tion, rationalisation and quality assurance of electronic services for the benefit of patients and society at large.

The state owns 100 per cent of Norsk Helsenett.

Special framework conditions for the company

The company has a tri-part funding model comprising grants from the Ministry of Health and Care Services to perform national tasks, membership fees for access to and use of the Health Network, and the sale of other services. The framework for the company's tasks is set out in an annual assignment letter from the Ministry of Health and Care Services. This includes framework conditions for the performance of tasks relating to the operation and development of national services and information security.

Norsk rikskringkasting AS*About the company*

Norsk rikskringkasting (NRK) provides a broad range of media services through three linear TV channels, 13 DAB radio channels, the streaming services NRK TV, NRK Super and NRK Radio, the websites www.nrk.no and www.yr.no, as well as mobile phone content. The company reflects the geographical diversity in Norway and is present in more than 50 locations around the country. NRK has 15 regional offices that provide news from all of Norway to the whole country and develop content for NRK. NRK also has ten correspondents abroad. The company was founded in 1933. NRK's head office is located in Oslo.

At year-end 2018, the company had 3,416 employees and a book equity of NOK 1.9 billion. The operating revenues for 2018 amounted to NOK 6 billion.

The state's ownership

The state's rationale for its ownership interest in NRK is to have a non-commercial public broadcaster that meets society's social, democratic and cultural needs. The state's goal as owner is to ensure high-quality non-commercial public broadcasting services.

The state owns 100 per cent of NRK.

Special framework conditions for the company

NRK's public service remit is set out in the NRK placard and the company's articles of association.

According to its public broadcasting remit, NRK shall, among other things, support and strengthen democracy, strengthen the Norwegian language, identity and culture, and be universally available. The company's activities are also governed by general rules set out in the Act of 4 December 1992 No 127 (the Broadcasting Act) and pertaining regulations. The Norwegian Media Authority supervises how NRK fulfils its obligations as a public broadcaster.

In the national budget for 2020, the Government proposed to finance NRK over the national budget, with a pertaining letter of assignment from the Ministry of Culture. This will replace the broadcasting licence fee.

Norsk Tipping AS (special legislation company)

About the company

Norsk Tipping has, through the Norwegian Gaming Act, exclusive rights to offer a range of gambling activities in Norway. According to rules drawn up by the Ministry of Culture, the company shall organise and offer acceptable forms of gambling under public control with a view to preventing the negative consequences of gambling. At the same time, the company shall, through efficient operation, ensure that as much as possible of the proceeds from gambling go to socially beneficial causes. The company was founded in 1946. Norsk Tipping's head office is located in Hamar.

At year-end 2018, the company had 413 employees and a book equity of NOK 364 million. The operating revenues for 2018 amounted to NOK 38.1 billion.

The state's ownership

The state's rationale for its ownership interest in Norsk Tipping is to offer acceptable forms of gambling under public control, with a view to preventing the negative consequences of gambling, at the same as the proceeds go to good causes. The state's goal as owner is to channel people's desire to gamble into moderate and responsible services.

The state owns 100 per cent of Norsk Tipping.

Special framework conditions for the company

The company is regulated by the Act of 28 August 1992 No 103 relating to Gaming, and pertaining regulations, guidelines and gambling rules. The Norwegian Gaming Authority super-

vises Norsk Tipping's performance of its assignment. According to its articles of association, the company may be instructed by the Ministry of Culture by letter.

Norske tog AS

About the company

Norske tog procures, owns and manages rolling stock. The company enters into agreements with rail operators that have a traffic agreement with the Norwegian Railway Directorate on the hiring out of rolling stock. This ensures low barriers to entry for rail operators and contributes to competition on equal terms for passenger rail traffic. The company was hived off from Vygruppen AS in 2017. Norske tog's head office is located in Oslo.

At year-end 2018, the company had 32 employees and a book equity of NOK 2.8 billion. The operating revenues for 2018 amounted to NOK 1.2 billion.

The state's ownership

The state's rationale for its ownership interest in Norske tog is to have a provider of rolling stock on competition-neutral terms. The state's goal as owner is cost-effective procurement and hiring out of rolling stock.

The state owns 100 per cent of Norske tog.

Special framework conditions for the company

The quality and size of Norske tog's fleet of rolling stock shall be adapted to the publically financed passenger train services. The rail operators pay Norske tog for the hire of stock in accordance with the terms and conditions that follow from the Norwegian Railway Directorate's traffic agreements with the operators.

NSD – Norsk senter for forskningsdata AS

About the company

NSD – Norsk senter for forskningsdata (NSD) manages data and provides services to the research sector, among others. The undertaking was established in 1971 and organised as a limited liability company from 2003. NSD's head office is located in Bergen.

At year-end 2018, the company had 92 employees and a book equity of NOK 39.6 million. The operating revenues for 2018 amounted to NOK 73 million.

The state's ownership

The state's rationale for its ownership interest in NSD is to have a centre that archives and adapts data and makes them available to research communities, among others. The state's goal as owner is to ensure the best possible data management and service provision for the higher education and research sectors.

The state owns 100 per cent of NSD. The Ministry of Education and Research has arranged for a review of NSD. The Ministry will follow up this review.

Special framework conditions for the company

The company receives a basic allocation from the Research Council of Norway and grants from the Ministry of Education and Research for operation and development of the Database for Statistics on Higher Education, with a pertaining letter of allocation.

Nye Veier AS*About the company*

Nye Veier plans, constructs, operates and maintains sections of national roads for which the company has been assigned responsibility. The development portfolio comprises 530 kilometres of four-lane motorways with an estimated development cost of NOK 157 billion (2018-NOK). High socio-economic profitability is given priority in road development. The company was founded in 2015 and has been in ordinary operation since 2016. Nye Veier's head office is located in Kristiansand.

At year-end 2018, the company had 165 employees and a book equity of NOK 3.1 billion. The operating revenues for 2018 amounted to NOK 6.7 billion.

The state's ownership

The state's rationale for its ownership interest in Nye Veier is to safeguard national road infrastructure and contribute to quicker, more efficient and more comprehensive development of parts of the national road network than can be achieved with a traditional approach. The state's goal as owner is the highest possible socio-economic profitability in the road projects for which the company has been given responsibility.

The state owns 100 per cent of Nye Veier.

Special framework conditions for the company

The company's sources of financing are appropriations via the national budget and road tolls. Nye Veier enters into development agreements with the Ministry of Transport for each individual road project the company gives priority to. Road tolls are regulated by the Regulations relating to the Payment of Road Tolls.

Petoro AS*About the company*

Petoro manages the State's Direct Financial Interest (SDFI) in the petroleum activities on the Norwegian continental shelf and other related activities on behalf of the state. The SDFI entails that the state participates as a direct investor in petroleum activities on the Norwegian continental shelf. Petoro is the licensee for the State's interests in production licences, fields, pipelines and onshore facilities. The company is not involved in the marketing and sale of the state's oil and gas, as that is the responsibility of Equinor ASA. Petoro is responsible for ensuring that this takes place in accordance with the sale and marketing instructions.⁵ The company was founded in 2001. Petoro's head office is located in Stavanger.

At year-end 2018, the company had 64 employees and a book equity of NOK 23 million. The operating revenues for 2018 amounted to NOK 280 million.

The state's ownership

The state's rationale for its ownership interest in Petoro is to ensure proper management of SDFI. The state's goal as owner is the highest possible value creation and revenues from SDFI.

The state owns 100 per cent of Petoro.

Special framework conditions for the company

The Act of 29 November 1996 No 72 relating to the Petroleum Activities provides the legal basis for the company's activities. Net revenues from the sale of SDFI petroleum are transferred to the Government Pension Fund Global. Petoro's management of SDFI is financed by administrative grants from the Ministry of Petroleum and Energy with a pertaining assignment letter.

⁵ See the description under Equinor.

Regional health authorities (special legislation companies)

About the companies

The regional health authorities in Norway are Helse Midt-Norge, Helse Nord, Helse Sør-Øst and Helse Vest. The companies provide high-quality equitable specialist health services to the population of their respective regions. They are also assigned statutory tasks relating to research, education and training of patients and next of kin. The regional health authorities were established in 2002 when the state took over responsibility for the specialist health services from the county authorities. The regional health authorities' head offices are in Stjørdal, Bodø, Hamar and Stavanger, respectively.

At year-end 2018, Helse Midt-Norge had 17,119 full-time equivalents and a book equity of NOK 9.7 billion. The operating revenues for 2018 amounted to NOK 21.9 billion.

At year-end 2018, Helse Nord had 13,995 full-time equivalents and a book equity of NOK 10.7 billion. The operating revenues for 2018 amounted to NOK 17.6 billion.

At year-end 2018, Helse Sør-Øst had 61,106 full-time equivalents and a book equity of NOK 36.7 billion. The operating revenues for 2018 amounted to NOK 81.7 billion.

At year-end 2018, Helse Vest had 22,176 full-time equivalents and a book equity of NOK 15.3 billion. The operating revenues for 2018 amounted to NOK 28.6 billion.

The state's ownership

The state's rationale for its ownership interest in the regional health authorities is to ensure that specialist health services are available in Norway to everyone who needs them, regardless of age, gender, place of residence, personal finances and ethnic background. The state's goal as owner is to achieve equitable specialist health services of high-quality, and to facilitate research and teaching.

The state owns 100 per cent of all the regional health authorities.

Special framework conditions for the companies

The regional health authorities are regulated by, inter alia, the Act of 15 June 2001 No 93 relating to regional health authorities and health trusts, and pertaining regulations. The Ministry of Health and Care Services finances the specialist health services and sets conditions for the funds in annual assignment letters.

Simula Research Laboratory AS

About the company

Simula Research Laboratory (Simula) conducts basic research in selected areas in software and communication technology, thereby contributing to innovation in business and industry. The company also educates computer science candidates in cooperation with degree-conferring institutions. Simula is the host institution for The Certus Centre for research-based innovation. The company was founded in 2001. Simula's head office is located in Bærum.

At year-end 2018, the company had 155 employees and a book equity of NOK 91.3 million. The operating revenues for 2018 amounted to NOK 248 million.

The state's ownership

The state's rationale for its ownership interest in Simula is to have a provider of ICT research and education, including ICT security, that is not part of a university or university college. The state's goal as owner is the best possible research, education and innovation in the field of ICT.

The state owns 100 per cent of Simula.

Special framework conditions for the company

The company is partly funded by allocations from several ministries and the Research Council of Norway, with pertaining letters of allocation.

Siva – Selskapet for Industrivekst SF

About the company

Siva – Selskapet for Industrivekst (Siva) is part of the policy instrument system for the business and industry sector. Through its property investments, the company lowers barriers in areas or industries where market mechanisms make business establishment especially demanding. Siva's innovation activities facilitate the establishment and development of companies in business and knowledge communities, and join them together in regional, national and international networks. The company was founded in 1968. Siva's head office is located in Trondheim.

At year-end 2018, the company had 42 employees and a book equity of NOK 923 million. The operating revenues for 2018 amounted to NOK 440 million.

The state's ownership

The rationale for the state's ownership of Siva is to have a policy instrument for facilitating ownership and development of companies and business and knowledge communities all over Norway. Siva has a particular responsibility for promoting growth in rural areas. The state's goal as owner is to trigger profitable business development by making infrastructure and joint resources available to companies and regional business and knowledge communities.

The state owns 100 per cent of Siva.

Special framework conditions for the company

The Government has proposed that, from 2020, the company is to receive allocations from the Ministry of Trade, Industry and Fisheries and the county authorities,⁶ with framework conditions and guidelines outlined in pertaining assignment letters.

Space Norway AS*About the company*

Space Norway contributes to the development and operation of space-related infrastructure to meet national user needs and facilitate value creation based on space-related activities in Norway. The company identifies and develops new opportunities and projects with a long-term perspective, and collaborates with other national communication and space organisations. Space Norway owns and manages the fibre-optic cable between mainland Norway and Svalbard. The company was hived off from the administrative agency the Norwegian Space Agency in 1995. Space Norway's head office is located in Oslo.

At year-end 2018, the company had 21 employees and a book equity of NOK 530 million. The operating revenues for 2018 amounted to NOK 61.3 million.

The state's ownership

The state's rationale for its ownership interest in Space Norway is the management and development of safety-critical space-related infrastructure that meets important needs in Norwegian society.

⁶ It has been proposed to transfer responsibility for the industrial park and incubator programmes from the Ministry of Local Government and Modernisation and the Ministry of Trade, Industry and Fisheries to the county authorities with effect from 2020.

The state's goal as owner is to offer cost-effective space-related infrastructure that is managed in a sound manner and meets important needs in Norwegian society.

The state owns 100 per cent of Space Norway.

Special framework conditions for the company

The company shall normally limit activities that are in direct competition with commercial players, unless special circumstances indicate otherwise. Any commercial activities shall contribute to achieving the state's public policy goal.

Statnett SF*About the company*

Statnett is the transmission system operator in Norway, and is responsible for socially and economically rational operation and development of the central transmission grid. The company is responsible for ensuring a balance between the production and consumption of electric power in Norway at all times. Statnett has a monopoly on the ownership and operation of the Norwegian transmission grid. The company was founded in 1992, when Statskraftverkene was split into Statnett and Statkraft SF. Statnett's head office is located in Oslo.

At year-end 2018, the company had 1,461 employees and a book equity of NOK 16.2 billion. The operating revenues for 2018 amounted to NOK 9.1 billion.

The state's ownership

The state's rationale for its ownership interest in Statnett is that the company owns the transmission grid in Norway and is responsible for system operation. The state's goal as owner is socio-economically rational operation and development of the national transmission grid for electric power.

The state owns 100 per cent of Statnett.

Special framework conditions for the company

Statnett is responsible for system operation of the entire Norwegian power supply and manages critical infrastructure of vital importance to society. The Norwegian System Operation Regulation specifically define Statnett's role as system operator. Statnett is also subject to a number of direct regulations pursuant to the Energy Act, including provisions concerning quality of sup-

ply, the obligation to offer access to the network, and tariffs.

As the sector authority, the Ministry of Petroleum and Energy makes individual decisions and creates framework conditions for the sector. The Ministry is also the licensing authority charged with evaluating applications from Statnett for installations over a certain threshold, and serves as the appellate authority for licences awarded to Statnett by the Norwegian Directorate of Water Resources and Energy (NVE).

Tariffs from customers connected to the transmission grid provide the financing for Statnett. NVE is responsible for setting Statnett's allowed annual revenue.

Statskog SF

About the company

Statskog is Norway's largest landowner and manages around one-fifth of mainland Norway, mostly mountainous areas. The company manages and develops assets on state-owned land and ensures public access to hunting, fishing and activities in Norwegian nature. Statskog is also the country's largest forest owner, with about 6 per cent of the total productive forest area in Norway. Statskog's commercial activities are related to forestry and other land-use and property management. The company was founded in 1993 through a reorganisation of the Directorate for State Forests and Land. Statskog's head office is located in Namsos.

At year-end 2018, the company had 111 employees and a book equity of NOK 1.8 billion. The operating revenues for 2018 amounted to NOK 413 million.

The state's ownership

The state's rationale for its ownership interest in Statskog is to ensure sustainable management of state-owned forest and mountain areas and the resources found therein, including to facilitate public hunting, fishing and outdoor recreation etc. The state's goal as owner is sustainable management of these areas through efficient operation and satisfactory financial results over time.

The state owns 100 per cent of Statskog.

Special framework conditions for the company

Statskog performs statutory tasks that follow from provisions in the Norwegian Mountain Act and the Act on Forestry etc. in the State Commons. The Ministry of Agriculture and Food

enters into agreements with Statskog that set out more detailed conditions for Statskog's performance of these and other public policy tasks. Statskog also receives an annual letter of allocation and assignment from the Ministry.

Hunting, logging, trapping and fishing on state-owned land outside of the state commons managed under the Mountain Act are regulated by provisions adopted by the Norwegian Environment Agency.

Protection of land owned by Statskog and voluntary protection of private land is the primary strategy for achieving the Government's goal to protect 10 per cent of the forest in Norway. Unlike protection of private land and state commons, where protection is based on the principles of voluntary protection, protection of Statskog's ordinary land is based on a mapping and prioritisation process carried out by the protection authorities. Decisions on protection are made in the ordinary manner, and Statskog is compensated in the same way as other land owners.

Staur gård AS

About the company

Staur gård facilitates agricultural research and development and runs the property Staur gård. R&D activities conducted on the farm are carried out by private companies. The company uses the rest of the farm for its own agricultural activities. Parts of the building complex are let and used for accommodation, courses, conferences and special events. The property is owned by the state, and the company Staur gård was founded in 2001 to run the property, which until then had been run by the Norwegian Grain Corporation. Staur gård's head office is located in Stange.

At year-end 2018, the company had five full-time equivalent and a book equity of NOK 7.6 million. The operating revenues for 2018 amounted to NOK 10.9 million.

The state's ownership

The state owns 100 per cent of Staur gård. In Proposition 114 (Resolution) (2018–2019), the Government proposed to dissolve the company based on the argument that agricultural properties should be owned and run by parties other than the state, and that it is not the state's task to own, run or facilitate the running of a course and conference hotel in a market exposed to competition. The Storting endorsed the proposal, see Recommendation 391 (2018–2019) to the Storting.

The Ministry of Agriculture and Food will follow up the Storting's decision to dissolve the company and sell the property.

Store Norske Spitsbergen Kulkompani AS

About the company

Store Norske Spitsbergen Kulkompani (SNSK) has coal mining in Svalbard as its core business. The company runs mining operations in Mine 7 outside Longyearbyen, develops and manages housing in Longyearbyen, and runs a mining museum and logistics services in Svalbard. SNSK is also responsible for a large environmental clean-up project after the discontinued coal mining activities in Svea and Lunckefjell. The company was founded in 1916 and became state-owned in the 1930s. SNSK's head office is located in Longyearbyen.

At year-end 2018, the company had 127 employees and a book equity of NOK -2.2 billion.⁷ The operating revenues for 2018 amounted to NOK 383 million.

The state's ownership

The state's rationale for its ownership interest in SNSK is to have a company in Svalbard that, through the operation of Mine 7, development and management of housing and other activities, helps to maintain and develop the local community in Longyearbyen in a way that underpins the overarching objectives of Norway's Svalbard policy, see the white paper on Svalbard. The state's goal as owner is, through the operation of Mine 7, to help to ensure that the power plant in Longyearbyen has access to a stable supply of coal, and that the company's management and development of housing property that it owns in Longyearbyen underpin the overarching objectives of Norway's Svalbard policy. Mine 7 and the housing activity are required to be operated efficiently. Other activities shall be carried out on a commercial basis. The most weighty consideration in relation to all activities shall be that they underpin the overarching objectives of Norway's Svalbard policy, see the white paper on Svalbard.

The state owns 100 per cent of SNSK.

Special framework conditions for the company

The environmental clean-up after coal mining activities in Svea and Lunckefjell is mainly financed by the state. The Ministry of Trade, Industry and Fisheries sends an annual assignment letter to the company, setting out goals, framework conditions and guidelines relating to the environmental clean-up project. The Ministry will also carry out a more detailed review of the group's housing operation, including considering other organisational models that can support the objectives of the Svalbard policy. The current logistics and tourism activities (Mine 3 and Isfjord Radio) can be developed, as long as it supports the overarching objectives of Norway's Svalbard policy. The group cannot raise external debt (except ordinary bank overdrafts or similar) without the Ministry's consent.

Universitetscenteret på Svalbard AS

About the company

Universitetscenteret på Svalbard (UNIS) offers study programmes and conducts research based on Svalbard's geographic location in the High Arctic and the special advantages afforded by the opportunity of using nature as a laboratory. The study programmes supplement the education provided at universities on the mainland and form part of ordinary study programmes. UNIS's fields of study are arctic biology, arctic geology, arctic geophysics and arctic technology. The company was founded in 2002, replacing the foundation Universitetsstudiene på Svalbard that had been established by the four Norwegian universities in 1994. UNIS's head office is located in Longyearbyen.

At year-end 2018, the company had 107 full-time equivalent and a book equity of NOK 15.7 million. The operating revenues for 2018 amounted to NOK 150 million.

The state's ownership

The state's rationale for its ownership interest in UNIS is that the institution is an important instrument in Norway's Svalbard policy, and that the company is the Government's institution for university studies and research in Svalbard. The state's goal as owner is to have a unique institution of higher education and research in Svalbard, with high-quality study programmes and research activities based on the natural advan-

⁷ The group's equity is affected by significant negative equity in the subsidiary Store Norske Spitsbergen Grubekompani AS. The reason for this is a provision of NOK 2.5 milliard relating to the environmental clean-up project in Svea and Lunckefjell. See more details in the company's 2018 annual report.

tages afforded by Svalbards's location in the High Arctic.

The state owns 100 per cent of UNIS.

Special framework conditions for the company

The company is primarily financed by grants from the Ministry of Education and Research, with a pertaining letter of allocation.

AS Vinmonopolet (special legislation company)

About the company

Vinmonopolet is a monopoly with exclusive rights to sell alcoholic beverages containing more than 4.7 per cent alcohol by volume to consumers. The company is one of the most important instruments in Norway's alcohol policy and helps to limit alcohol consumption in society by regulating its availability. The company's responsibility for alcohol policy manifests itself through effective social control, awareness-raising campaigns and the absence of promotional activities. The company was founded in 1922 and became state-owned in the 1930s. Vinmonopolet's head office is located in Oslo.

At year-end 2018, the company had 1,848 employees and a book equity of NOK 719 million. The operating revenues for 2018 amounted to NOK 13.9 billion.

The state's ownership

The state's rationale for its ownership interest in Vinmonopolet is to exclude private financial interests as motivation for the sale of alcoholic beverages containing more than 4.7 per cent alcohol by volume, and to contribute to the sale taking place in a controlled manner. The state's goal as owner is to ensure that the sale of alcoholic beverages containing more than 4.7 alcohol by volume takes place in a controlled manner so as to limit the harmful effects of alcohol for individuals and society at large.

The state owns 100 per cent of Vinmonopolet.

Special framework conditions for the company

The company is regulated by the Act of 19 June 1931 No 18 relating to Aktieselskapet Vinmonopolet. The framework conditions for the company's operations are also regulated by, inter alia, the Alcohol Act and the Alcohol Regulations. In addition, the Ministry of Health and Care Services issues an annual assignment letter to the company.

6.4 Companies that are not categorised

Filmparken AS

The company offers film recording facilities, including studios and offices, in Jar in Bærum. The company has been involved in film production and studio operations in Jar since 1948.

The state owns 77.6 per cent of Filmparken, while the City of Oslo owns 11.6 per cent. The remaining 10.8 per cent of the shares are owned by around 80 municipalities and one bank.

In the national budget for 2014, the Storting approved a proposal to allow the state to sell Filmparken. The reason given was that the facilities in Jar are not used to produce feature films and thus no longer promote cultural policy considerations. The approval was renewed every year until the national budget for 2019, when the Storting agreed to postpone the sale of Filmparken. The reason for this decision was a change in the market for film studios, with an increase in the demand for new Norwegian drama series. The Government is working on plans to develop the company in light of this market situation.

Folketrygdfondet (special legislation company)

Folketrygdfondet manages the Government Pension Fund Norway (GPFN) and is wholly owned by the state. The company invests the GPFN in listed equity and bonds in Norway, Sweden, Denmark and Finland. At year-end 2018, the market value of the GPFN was NOK 239 billion. The goal of the management of the GPFN is to achieve the highest possible return, measured in Norwegian kroner after expenses. The return is added to the fund's capital on a running basis. Folketrygdfondet has about 50 employees and is based in Oslo.

The state's ownership of Folketrygdfondet and GPFN is addressed in annual reports to the Storting concerning the Government Pension Fund and the financial market, respectively.

Rosenkrantzgate 10 AS

Rosenkrantzgate 10 is a property company whose only asset is the property at the address Rosenkrantzgate 10 in Oslo. The company's activities are the letting of premises at this address. The building is home to Oslo Nye Teater, which has a preferential right to let premises in the building.

The state owns 3.07 per cent of the company. The City of Oslo owns 78.89 per cent, 16.69 per cent is owned by unknown owners, while the remaining holding is owned by Oslo Nye Teater AS and private individuals. The state's ownership interest is the result of a previous engagement/ownership in Oslo Nye Teater, which is now wholly owned by the City of Oslo.

The state no longer has any rationale for its ownership interest in the company. Disposal of the shares has been difficult because there are unknown shareholders in the company. In 2017, the shares of the unknown owner(s) were deposited with Norges Bank for 20 years. During this period, the shares can be released to shareholders who can prove that they are owners. When the deposit period expires, the company can claim ownership of the shares.

Rygge 1 AS

The company is establishing and owns infrastructure (test cell) at Rygge Air Base used for post

maintenance testing of engine components for F-35 fighter jets. The test cell is an important part of the engine depot for maintenance of these engines. It is let to Kongsberg Aviation Maintenance Services AS, formerly Aerospace Industrial Maintenance Norway AS (AIM Norway), which is responsible for the engine depot and uses the test cell in its maintenance production. Rygge 1 was previously a subsidiary of AIM Norway. The state took over ownership through a distribution of all the shares in Rygge 1 as dividend in kind in 2019 before the shares in AIM Norway were sold to Kongsberg Defence & Aerospace AS.

The state owns 100 per cent of the company.

The state's goal as owner of Rygge 1 is to enable the establishment of an engine depot in Norway. Once the test cell has been built and put into operation, the state will consider whether the company should be dissolved and the test cell be included in the Norwegian Defence Estates Agency's portfolio.

Part III
How state ownership is exercised

7 The exercise of ownership shall contribute to the attainment of the state's goal as an owner

The state's exercise of ownership shall contribute to the attainment of the state's goal as an owner, either the highest possible return over time or the most efficient possible attainment of public policy goals. The state does this through clear expectations of the companies, electing competent boards, systematically following up the companies and being transparent about the exercise of ownership, see Figure 7.1 and Chapters 10–13.

Norway is considered to be far ahead internationally in the exercise of state ownership.¹ This is due, among other things, to the fact that there over time has been a broad political consensus about the key elements of the framework and principles for the state's exercise of ownership in line with generally recognised principles for corporate governance. This has contributed to predictability for the companies and the capital market.

The Government's ambition is that the Norwegian state's exercise of ownership shall be in accordance with best international practice. The Government will continue to develop and raise the level of professionalism in the state's exercise of ownership in order to contribute to the best possible management of public assets. The state's exercise of ownership should be as professional and consistent as possible across ministries, and be continuously developed. Good, uniform exercise of ownership strengthens trust in the state as owner and contributes to increased value creation.

The Government aims for the highest possible value creation in a sustainable manner and to provide good services for the population. In this white paper, value creation through state ownership means attaining the state's goal as an owner, either the highest possible return over time or the most efficient possible attainment of public policy goals.

References to the 'company/companies' and the 'state' in Part III shall be read as the compa-

nies² in which the state has a direct ownership interest and the state as an owner of these companies, respectively.

7.1 The state has clear goals as an owner

7.1.1 Highest possible return over time

In companies in Categories 1 and 2, the state's goal as an owner is the highest possible return over time, within the provisions in the companies' articles of association. The state's rationale for ownership is fulfilled by the state owning a certain percentage of the company, and usually through provisions in the company's articles of association.³ The companies in Categories 1 and 2 primarily operate in competition with others.⁴

Management based on the goal of achieving a profit is a precondition for good resource allocation in the individual companies and thereby in society at large. In principle, a company cannot create value and remain competitive over time if its ownership and operation are not based on the goal of the highest possible return over time.

The highest possible return *over time* requires the company to be sustainable. A sustainable company balances financial, social and environmental factors in a way that contributes to long-term value creation.

7.1.2 Most efficient possible attainment of public policy goals

The state has defined public policy goals for the companies in Category 3. They vary from one

² See Figure 4.3.

³ See sections 5.1 and 8.3.4.

⁴ When the public invests in companies that engage in what is deemed to constitute economic activity in relation to state aid, investments shall be based on considerations of profitability (the market economy investor principle), see the EEA Agreement's provisions on state aid. This means that the state must require a normal market return on the capital invested, see section 8.4.

¹ See, for example, OECD (2018): 'Economic Surveys: Norway 2018'.



Figure 7.1 The state's exercise of ownership.

company to the next,⁵ but the state's goal for all of them is the most efficient possible attainment of these goals.

The state endeavours to define clear goals as an owner of each company. For wholly owned companies, the state's goal as owner shall be reflected in the objects clause of the company's

articles of association.⁶ For partly owned companies, the state collaborates with the other shareholders on the wording of each company's articles of association. Clearly defined goals are a precondition for good resource allocation in the individual companies and thereby in society at large.

⁵ The state's goal as an owner of each of the companies is described in section 6.3.

⁶ For special legislation companies, the company's activity (object) is defined in its articles of association and/or in law.

See also section 8.6 on special framework conditions for companies that perform assignments for the state.

The companies in Category 3 do not primarily operate in competition with others. Some of the companies may nonetheless engage in some activities in which they operate in competition with others. In such cases, the state's goal is normally the highest possible return over time in this limited part of the company's operations. The state aid regime also sets limitations for such activities.⁷

The companies must be sustainable in order to achieve the most efficient possible attainment of public policy goals *over time*.

7.1.3 The goals shall be achieved in a sustainable and responsible way

The state is a responsible owner with a long-term perspective. Public assets shall be managed in a way that fosters public trust.

The state's exercise of ownership shall contribute to attaining the highest possible return over time or the most efficient possible attainment of public policy goals. In order to attain the highest possible return or the most efficient possible attainment of public policy goals *over time*, the company must be sustainable. A sustainable company balances financial, social and environmental factors in a way that contributes to long-term value creation, while ensuring that today's needs are met without limiting the possibilities of future generations. The state also places emphasis on the company conducting its business in a responsible manner. This entails identifying and managing the risks the company poses to society, people and the environment. The consider-

ation for sustainability and responsible business conduct are reflected in the state's expectations of the companies.

7.2 Societal developments that affect the companies and the state's exercise of ownership

The international flow of goods, services, investments, capital and knowledge has never been more extensive. Open markets give companies better access to capital and input factors, as well as bigger markets and tougher competition. The driving forces of globalisation are strong. It nonetheless seems that the trend towards a more interconnected world has slowed down in recent years. Protectionist arguments are currently winning broad support in several major trading nations. Several actors have highlighted the uneven distribution of the benefits from many years of growth and migration driven by technology and globalisation, resulting in increasing inequality in many countries. Furthermore, patterns of trade are changing, and the global economic centre of gravity is shifting to the south and east.

New technology means that machines can perform tasks more reliably and at a lower cost than humans. Sophisticated robots, artificial intelligence, 3D printing and other new technology can reduce the need for physical trading and investment, at the same time as the proximity to technology development and markets can become more important. Technological change provides opportunities for increased value creation, but also gives rise to new risks that companies should understand and address. Examples of such risks can be a shorter useful life for products and services, the increasing dominance of a small number of companies, cybercrime and rapidly changing business models.

Civil protection is affected by developments in our own society as well as global development trends. The digitalisation of society creates new solutions, but also gives rise to dependencies and vulnerabilities across sectors, areas of responsibility and national borders. Functions of critical importance to society, such as the energy supply, electronic communication and financial services, depend on long digital value chains, which makes them vulnerable.

The trust of customers and society at large has become a competitive advantage in most industries. This is especially pertinent in network econ-

⁷ It follows from EEA law that, for companies that engage in both non-economic and economic activity as defined by state aid law, see section 8.4, the economic activity must comply with the requirements set out in the EEA Agreement's provisions on state aid for market operators (the market economy investor principle). The EEA Agreement sets out certain exemptions from this requirement, for example special rules relating to services of general economic interest, which apply to the Norwegian Broadcasting Corporation (NRK) and the dramatic art companies, among others. In such case, the state's goal as owner will not be the highest possible return over time. The market economy investor principle usually entails that the state must demand a normal market return on the capital invested, but the principle may also be complied with in other ways, for example through market pricing of the company's transactions. In cases where EEA law provides for exemption from the return requirement and where there are more expedient ways of complying with the market economy investor principle, the state's goal as an owner will often not be the highest possible return over time.

omies, where companies depend on trust and customer feedback, but the trend is also relevant for other industries.

Demographic changes and urbanisation are other trends that may affect companies.

Climate change and scarcity of natural resources, such as clean water, are among the most pressing global challenges of our time, and may affect companies and industries in multiple ways. If action is not taken to limit greenhouse gas emissions, the average global temperature will, according to the UN Intergovernmental Panel on Climate Change, increase by approximately 2 °C by 2050 and by more than 4 °C by 2100, compared with preindustrial times. It is overwhelmingly likely that this will lead to melting of sea ice and glaciers, rising sea levels, more drought in already dry areas and more frequent extreme weather events. This may, in turn, lead to a higher level of conflict internationally, changes in migration patterns and a scarcity of input factors. The changes will entail increased risk for companies, both directly and indirectly. Climate policy and international efforts to combat global warming are the key to limiting a rise in temperature. The Paris Agreement was adopted in 2015. As of 2019, 186 countries have signed the agreement, which includes a common goal of keeping the increase in global average temperature to well below 2 °C, and endeavouring to limit the increase to 1.5 °C. More stringent climate policies must be expected in order to achieve this goal, which will affect companies' framework conditions and competitiveness. The transition towards a more green and circular economy is one example of a trend that may influence whether a company succeeds in creating value over time.

To contribute to sustainable global development, the UN adopted new Sustainable Development Goals (SDGs) in 2015 to be achieved by 2030. The 17 goals and 169 targets concern most areas of society, and they see the environment, economy and social development in context with each other. All countries are obliged to follow up the SDGs. The goals have become globally recognised as a common frame of reference and framework for dialogue. Business and industry play an important role in the achievement of the SDGs. The Government has decided that the SDGs are the main political track for addressing the most pressing national and global challenges of our time. For companies, the SDGs can both bring new opportunities and change their framework conditions in that customers, employees, authorities and others change their behaviour.

The UN Guiding Principles on Business and Human Rights (UNGPs) were issued in 2011. Norway's national action plan to follow up the UNGPs specifies expectations of companies' work on human rights and responsible business conduct and how the Norwegian authorities can contribute to this work.⁸ Since 2012, an increasing number of countries have introduced legislation in areas relating to responsible business conduct, which is relevant to companies with international operations or global supply chains. Examples include the UK's Modern Slavery Act and the French due diligence law.⁹ A number of other countries are also in the process of considering enshrining such provisions in law. And in Norway, the Government is considering proposals for an anti-slavery act and an ethics information act.

Many companies operate globally, while tax rules are national and not necessarily harmonised between different countries. This provides possibilities of eroding the tax base of some countries and shifting profits to countries with a more favourable tax regime. Corporate tax behaviour and policy is an area that is attracting increasing attention. International cooperation between states is growing in an attempt to prevent further undermining of the tax base in different countries, and to ensure that revenues are taxed where the value creation takes place. Relevant work to achieve transparency and information sharing between tax authorities and measures to combat aggressive tax planning are being carried out under the auspices of G20 and OECD, through the BEPS¹⁰ Inclusive Framework and the Global Forum on Transparency and Exchange of Information.

How companies adapt to changes in their surroundings and stakeholder requirements affects the companies' future value creation. This trend makes greater demands of the boards' work. It also requires more of the owners, which set out guidelines for the company's activities and adopt crucial decisions at the general meeting. Competent owners who understand the company's situation, challenges and possibilities can influence the company's chances of realising its potential for value creation.

There are increasing expectations in society that companies should create value for their own-

⁸ The Ministry of Foreign Affairs (2015): 'Business and Human Rights – National Action Plan for the implementation of the UN Guiding Principles'.

⁹ Devoir de vigilance.

¹⁰ Base Erosion and Profit Shifting.

ers in a sustainable way. Several self-designated 'responsible investors' incorporate considerations for people, society and the environment in their investments. Many investors, consumers, employees and other stakeholders increasingly expect companies to help to address social, financial and environmental challenges in society. Several international investors have called for companies to define their role more clearly beyond creating shareholder value, referring to how this is closely tied to the company's possibility of delivering products that there is a demand for in society, recruiting dedicated employees and creating value over time.

It is decisive for the state that the companies remain competitive, efficient and relevant in the long term. To contribute to this, the companies must be profitable, sustainable and responsible, and they must be given sufficient freedom of action to enable them to adapt to changes in their circumstances. This is reflected in the state's expectations of the companies, described in Chapter 10, and how the state follows up its ownership to contribute to value creation, described in Chapters 11 and 12.

8 Framework for the state's exercise of ownership

The legal framework for the state's exercise of ownership is first and foremost set out in the provisions of the Norwegian Constitution, and the division of roles between a company's owner and management as set out in company law. This chapter provides an overview of the most important framework for the state's exercise of ownership pursuant to the Constitution and company law.¹ The EEA Agreement's provisions on state aid are also referred to. Other legislation such as the Public Administration Act, the Freedom of Information Act, the Securities Trading Act and the Competition Act, among others, also contain legal requirements that apply to the state's exercise of ownership.² They are not mentioned here.

In addition to legislation, there are several other rules and regulations with a bearing on the state's exercise of ownership. This chapter describes the rules on the eligibility of senior state officials, members of the Storting and members of the Government for directorships, and the Regulations on Financial Management in Central Government.

The chapter also gives an account of the OECD's guidelines on corporate governance of companies with a state ownership interest³ and the Norwegian Code of Practice for Corporate Governance.

8.1 Constitutional framework – the Government administers the state's ownership⁴

Pursuant to Article 19 of the Norwegian Constitution, the Government administers the state's shares in private and public limited liability companies and ownership in other forms of incorporation such as state enterprises and special legislation companies. Pursuant to Article 12 second paragraph, the administration of the ownership is delegated to various ministries. The minister administers the ownership under constitutional and parliamentary responsibility.

Pursuant to Article 19, the minister must administer the state's ownership in companies in accordance with parliamentary resolutions concerning the individual company, general statutory provisions and other parliamentary resolutions. The provision expressly authorises the Storting to instruct the Government in matters pertaining to state ownership.

The Storting has no direct relationship with the companies with a state ownership interest. Parliamentary resolutions concerning companies with a state ownership interest must be resolved by the company's general meeting in order to be legally binding on the company, unless the resolutions are set out in law.

Article 19 of the Constitution does not grant the minister authority to change the size of the state's ownership interest in a company, for example through the purchase or sale of shares, resolutions regarding or participation in capital increases or support for other transactions that change the state's ownership interest. Such actions must be based on a parliamentary resolution whereby the minister is granted authorisation for them.

Several of the listed companies have what are known as share buy-back programmes, whereby

¹ Sector-specific legislation that sets the framework for the state's exercise of ownership in companies in specific sectors, such as the Act of 10 April 2015 No 17 relating to financial institutions and financial groups, is not discussed.

² The Act of 10 February 1967 relating to procedure in cases concerning the public administration, the Act of 19 May 2006 No 16 relating to public access to documents in the public administration, the Act of 29 June 2007 No 75 on securities trading, and the Act of 5 March 2004 No 12 on competition between undertakings and control of concentrations.

³ OECD (2015): 'OECD Guidelines on Corporate Governance of State-Owned Enterprises' and OECD (2019): 'Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises'.

⁴ See section 2 of the memo on state ownership by Knudsen, G. and Fagernæs, S. O. (2017) ('Statsrådets forvaltning av statens eierskap i selskaper som staten eier alene eller er deleier i. Forholdet til Stortinget og selskapets ledelse' – in Norwegian only) for a detailed account of constitutional and parliamentary responsibility.

the company is authorised to buy back own shares in the market with a plan to cancel the shares. A template agreement has been established for such cases so that the size of the state's ownership interest in the company is unchanged through the share buy-back programme. In line with previous white papers on ownership policy and established practice, the minister may in such cases, without obtaining the consent of the Storting, endorse the state's contribution to such share buy-back programmes and enter into agreements in line with the established template agreement on the condition that the size of the state's ownership interest in the company remains unchanged.

The Storting's appropriation authority under Article 75 (d) of the Constitution also entails that the Storting's consent is required for changes in the state's ownership interest in a company and for decisions on capital infusions that lead to government expenditure.

Companies with a state ownership interest will normally be able to buy and sell shares in other companies and buy or sell parts of a business when this is a natural part of the adaptation of the company's objective as defined in its articles of association, without the consent of the Storting. In companies where the state is the sole shareholder, the Storting's consent is required for decisions that would materially change the state's commitment or the nature of the business. When it comes to companies where the state is a joint shareholder, the question of advance discussion by the Storting is relevant for matters of a scope that means that they must be brought before the general meeting (for example a merger or demerger). Depending on the size of the state's ownership interest in the company, it may be necessary to present the matter to the Storting, but, as a clear main rule, matters concerning the purchase and sale of shares in other companies, including purchase and sale of subsidiaries, are the responsibility of the company's management.⁵

It is established practice for the Government to present the rationale for state ownership and the state's goal as an owner of each company with a direct state ownership interest to the Storting.

The Office of the Auditor General monitors the minister's (ministry's) administration of state ownership and reports to the Storting. The Office of the Auditor General's monitoring of the admini-

stration of the state's ownership is described in more detail in Chapter 3 (Corporate control) of the Instructions for the Activities of the Office of the Auditor General.⁶

8.2 Company forms used for state ownership

Different legal forms of incorporation are used for companies with a state ownership interest; see Figure 4.3. Common features of these company forms are, among other things, that they are based on a clear division of roles between the owner and the company management, consisting of the board and the general manager, and that management of the company is the board's responsibility.⁷ Another common feature of these company forms is that the state's liability as owner is limited to the equity invested in the companies, and that the companies may go into bankruptcy.⁸

The companies that primarily operate in competition with others are subject to the same legislation as privately owned companies.⁹ Relevant legislation include the Accounting Act, the Auditors Act, the Competition Act, the Securities Trading Act, tax laws and, if applicable, sector-specific legislation. The companies that do not primarily operate in competition with others are normally also subject to such legislation. Some of the companies also fall under the scope of the Freedom of Information Act and/or the Public Procurement Regulations.¹⁰

⁶ See more details about the Office of the Auditor General's monitoring of the state's ownership of companies in section 3.1 of Knudsen, G. and Fagernæs, S. O. (2017).

⁷ For some of the companies, limitations on the board's duties and responsibilities are set out law.

⁸ The exception is the regional health authorities and health trusts, where the owner has unlimited liability for the enterprise's obligations, see Section 7 of the Act of 15 June 2011 No 93 relating to health authorities and health trusts; Petoro, where the state is directly liable for any obligation incurred by the company, and where insolvency and debt settlement proceedings cannot be instituted against the company, see Section 11-3 of the Act of 29 November 1996 No 72 relating to petroleum activities; and Export Credit Norway, where the state is liable for any obligations incurred by the company in connection with its lending activities that do not relate to the operation of the company, see Section 5 of the Act of 22 June 2012 No 57 relating to Eksportkreditt Norge AS.

⁹ The Limited Liability Companies Act contains some special provisions for state-owned limited liability companies; see sections 8.3.2 and 8.3.3.

¹⁰ The Act of 19 May 2006 No 17 relating to public access to documents in the public administration, and Section 2 of the Act of 17 June 2016 No 73 relating to public procurement, Section 1-2 of the Regulations relating to Public Procurement and Section 1-2 of the Regulations relating to Procurement in the Supply Sectors.

⁵ See page 18–19 of Recommendation No 277 (1976–77) to the Storting: Recommendation from the Standing Committee on Foreign Affairs and Constitutional Matters on the Storting's monitoring of the public administration, and section 2.5 of Knudsen, G. and Fagernæs, S. O. (2017).

The following company forms are used for the state's ownership:

Partly owned private and public limited liability companies

All the companies in which the state is a part-owner, except Innovasjon Norge, are organised as private or public limited liability companies. These companies are subject to the general provisions of the Limited Liability Companies Act and the Public Limited Liability Companies Act.

State-owned limited liability companies¹¹

State-owned limited liability companies are limited liability companies in which the state owns all the shares, see Chapter 20 II of the Limited Liability Companies Act. The majority of the companies that are wholly owned by the state are organised as state-owned limited liability companies, regardless of the state's rationale for ownership and the state's goal as owner. These companies are subject to the general provisions of the Limited Liability Companies Act¹² with some special provisions that are set out in Sections 20-4 to 20-7; see section 8.3.2 and 8.3.3.

State enterprises

State enterprises are organised in accordance with the Act relating to state enterprises.¹³ State enterprises cannot have other owners than the state. The state currently has several enterprises organised in accordance with this act. State enterprises are largely regulated in the same way as state-owned limited liability companies, with some exceptions; see sections 8.3.2 and 8.3.3.

Special legislation companies

The term special legislation companies covers a small, diverse group of companies. A common characteristic of these companies is that they are

regulated by a special law adopted for the company in question.¹⁴ Except in the case of Innovasjon Norge, it has been set out in law that the state shall be the sole owner of these companies. The regional health authorities and the health trusts constitute a special form of special legislation companies. The specialist health service is organised as regional health authorities and health trusts. The former can only be established and owned by the state, while the latter, which provide health services and support functions, can only be established and owned by the regional health authorities. Rules that deviate from the provisions of the Limited Liability Companies Act may apply to the special legislation companies, including the authority assigned to the company's board. It is a typical feature of several of these companies that specific matters shall be presented to the owner.

Choice of company form

Several forms of organisation for companies wholly owned by the state result in different and non-uniform frameworks for the state's exercise of ownership. The OECD Guidelines on Corporate Governance of State-Owned Enterprises recommend that governments simplify and standardise the legal forms of organisation used for companies with a state ownership interest.¹⁵ Private limited liability companies are a well-known form of organisation, also outside Norway. This form of organisation is the most commonly used for companies with a state ownership interest. The framework set out in the Limited Liability Companies Act ensures predictability in the state's exercise of ownership, for the companies, the state and other stakeholders alike. Other forms of organisation are only used where special reasons exist.

8.3 Company law framework

8.3.1 The minister's authority in the company

The legal basis for the minister's authority as owner in a limited liability company is Section 5-1

¹¹ Another form of organisation is state-owned public limited liability companies, which are public limited liability companies in which the state owns all the shares, see Chapter 20 II of the Public Limited Liability Companies Act. This form of organisation is not currently used.

¹² Deviating rules have been enshrined in law for some companies, such as Petoro (see the Act of 29 November 1996 No 72 relating to petroleum activities), and Export Credit Norway (see the Act of 22 June 2012 No 57 relating to Eksportkreditt Norge AS).

¹³ Act of 30 August 1991 No 71 relating to state-owned enterprises.

¹⁴ The companies currently organised pursuant to special legislation adopted for the individual company are: Folketrygdfondet (Act of 29 June 2007 No 44), Norfund (Act of 9 May 1997 No 26), Innovasjon Norge (Act of 19 December 2003 No 130), Norsk Tipping (Act of 28 August 1992 No 103 Section 3 ff), Vinmonopolet (Act of 19 June 1931 No 18) and the health authorities and health trusts (Act of 15 June 2001 No 93).

¹⁵ See OECD (2015): 'OECD Guidelines on Corporate Governance of State-Owned Enterprises' Chapter II section A. See also section 8.5.3.

of the Limited Liability Companies Act, which reads as follows: 'Through the general meeting, the shareholders exercise supreme authority in the company'. A corresponding provision applies to public limited liability companies, state enterprises and most special legislation companies.¹⁶ For state enterprises and some special legislation companies, the term 'enterprise meeting' is used instead of 'general meeting', but the facts behind the terms are the same. In the following, the term general meeting is used as a collective term for both.

Pursuant to the Limited Liability Companies Act and corresponding provisions in other company law, the general meeting shall, among other things, elect board members,¹⁷ decide the directors' remuneration, approve the annual accounts and (if applicable) annual report, including the distribution of dividend, elect the auditor, approve the auditor's fee, and resolve changes to the share capital and amendments of the articles of association.

The provision in Section 5-1 of the Limited Liability Companies Act means that the general meeting is superior to and may instruct the board. These instructions can be of a general nature or specific instructions on individual matters. In principle, the board is obliged to comply with such instructions. If the board disagrees with instructions and do not wish to comply with them, the alternative for the board members is to resign from their office. The general meeting's authority to issue instructions is not unlimited, however. The board is not obliged to comply with instructions that are in conflict with the law or the company's articles of association. In companies with

multiple shareholders, the board cannot be instructed to make decisions that violate the principle of equality or the common interest of the shareholders.¹⁸

The state is cautious about instructing companies on individual matters.¹⁹ This is because it undermines the division of roles and responsibilities set out in company law. It must also be seen in conjunction with the fact that the form of organisation is chosen to give the management freedom of action. Company law is based on the prerequisite of a relationship of trust between the shareholders and the company's board. If the shareholders instruct the board, it can be perceived as signalling a lack of trust in the board, and the consequence may be that board members resign from their office. Active use of instructions at the general meeting may also affect the minister's parliamentary and constitutional responsibility if the minister, through resolutions by the general meeting, makes decisions that normally rest with the company's board. This can potentially also give rise to liability in damages in relation to third parties.

Section 5-1 of the Limited Liability Companies Act also entails that the minister does not have authority in the company outside of the general meetings.²⁰

8.3.2 The company's management manages the company

Limited liability companies and the other forms of organisation used for companies with a state ownership interest are based on a clear division of roles between the company's owners, on the one hand, and the company's management, consisting of the board and the general manager, on the other.

Pursuant to Sections 6-12 and 6-14 of the Limited Liability/Public Limited Liability Companies Act, and corresponding provisions in other company law, management of the company falls within the authority of the board and the general manager. This means that responsibility for managing the company rests with the board and the general manager. The board and the general manager shall manage the company based on the interests

¹⁶ The exceptions are Folketrygdfondet and Vinmonopolet, which do not have general meetings, see the Act of 29 June 2007 No 44 relating to Folketrygdfondet and the Act of 19 June 1931 No 18 relating to Aktieselskapet Vinmonopolet, respectively. For these companies, other rules apply where this white paper refers to the general meeting.

¹⁷ In companies that have a corporate assembly, the corporate assembly is, in principle, responsible for electing board members, see the Public Limited Liability Companies Act Section 6-37(1) and the Limited Liability Companies Act Section 6-35(1) second sentence. State-owned limited liability companies are exempt from this rule, however, see the Limited Liability Companies Act Section 20-4(1). Private and public limited liability companies with more than 200 employees shall, pursuant to Section 6-35(1) of the Limited Liability Companies Act and the Public Limited Liability Companies Act, have a corporate assembly, where two-thirds of the members are elected by the general meeting and one-third is elected by and from among the employees. Pursuant to Section 6-35(2), however, it may be agreed that the company shall not have a corporate assembly in return for extended board representation for the employees. Few companies currently have a corporate assembly.

¹⁸ See more on the minister's authority to issue instructions through the general meeting in Section 5.5 of Knudsen, G. and Fagernæs, S. O. (2017).

¹⁹ Some of the special legislation companies may have other practices set out in the applicable special legislation.

²⁰ Other arrangements apply to special legislation companies that do not have general meetings.

of the company and the owners and in line with the company's articles of association and other resolutions made by the general meeting. The board and the general manager are responsible for ensuring that the company is run in accordance with applicable laws and regulations. In their management of the company, the board members and the general manager are subject to personal liability in damages and criminal liability as described in company law.

The board appoints the general manager.²¹ The board has overall responsibility for managing the company and for supervising the day-to-day management and the company's business in general. It is the board's responsibility to ensure that the company's business activities are soundly organised. The board shall, to the extent necessary, draw up plans and budgets for the company's activities. The board shall also be informed about the company's financial position and ensure that its activities, accounts and asset management are subject to adequate control. The general manager is responsible for the day-to-day management of the company and must follow up the board's decisions.

Limitations in the management's management of companies wholly owned by the state

For wholly state-owned companies, the law sets out certain special provisions that entail a limitation of the general rules described above, and thereby giving the state as owner extended control.²²

In state-owned limited liability companies and state enterprises, the general meeting is not bound by the dividend proposal made by the board or corporate assembly and may adopt a higher dividend than proposed by the board or corporate assembly, see Section 20-4(4) of the

Limited Liability Companies Act and Section 17 of the Act relating to state enterprises. See section 12.5.3 for more details.

For state enterprises, it has also been laid down in law that matters assumed to have a significant bearing on the object of the enterprise or which will significantly alter the enterprise's nature shall be submitted to the owner in writing before the board makes its decision, see Section 23 second paragraph of the Act relating to state enterprises. It also follows from the act that minutes of board meetings shall be sent to the ministry that manages the state's ownership of the state enterprise, see Section 24 third paragraph of the Act relating to state enterprises. Sending minutes of board meetings to the ministry is normally not considered sufficient to keep the owner informed about a specific matter.

Special restrictions on the board's authority have been enshrined in law for the regional health authorities and health trusts; see Sections 30–34 of the Act relating to health authorities and health trusts.²³ Legislation that places restrictions on the board's authority also applies to the other special legislation companies and some other companies.²⁴

8.3.3 Special rules for companies wholly owned by the state

The Limited Liability Companies Act contains some special provisions for state-owned limited liability companies, see Chapter 20 II. In addition to what is described in section 8.3.2 concerning restrictions in the management's management of companies wholly owned by the state, one of the differences between state-owned limited liability companies and limited liability companies not wholly owned by the state is that the general meeting elects the shareholder-elected members to the board even if the company has a corporate assembly, see. Section 20-4(1) of the Limited Liability Companies Act.²⁵

A requirement for both genders to be represented on the boards also applies to state-owned limited liability companies and their wholly owned subsidiaries, see Section 20-6 of the Limited Liabi-

²¹ Pursuant to Section 6-2 of the Limited Liability/Public Limited Liability Companies Act, the authority to appoint the general manager may be assigned to the general meeting/corporate assembly in the articles of association. Corresponding provisions have not been adopted for all of the special legislation companies.

²² For state-owned limited liability companies, it has been enshrined in law that the King in Council may review the corporate assembly or board's decisions in matters concerning a) investments of a considerable scope in relation to the company's resources and b) rationalisation or reorganisation of operations that entail major changes to or reallocation of the workforce, if important social considerations so indicate, see Section 20-4(2) of the Limited Liability Companies Act. According to section 4.4 of Knudsen, G. and Fagernæs, S. O. (2017), this authority has never been used.

²³ A more detailed account is provided in section 6.2 of Knudsen, G. and Fagernæs, S. O. (2017).

²⁴ One such example is Petoro, for which it has been laid down in law that the board has a duty of submission to the general meeting in certain matters; see Section 11-7 of the Act of 29 November 1996 relating to petroleum activities.

²⁵ Only a small number of the wholly owned companies have a corporate assembly.

liability Companies Act. The same requirement applies to state enterprises, special legislation companies and public limited liability companies in general.²⁶

Special rules also apply to the notice and holding of general meetings, see Section 20-5 of the Limited Liability Companies Act. This provision states, among other things, that if the general manager or a member of the board or corporate assembly disagrees with the resolution adopted, the person in question shall demand that his/her dissenting opinion be recorded in the minutes of the meeting. A similar provision applies to state enterprises.²⁷

In addition, the Office of the Auditor General has an extended right to supervise the minister's administration of the state's ownership of wholly state-owned companies, including the right to be notified of and attend the general meeting, see Section 20-7 of the Limited Liability Companies Act and Section 45 of the Act relating to state enterprises.

8.3.4 The size of the ownership interest affects the minister's authority as an owner

In principle, the basic company law principles and the relationship between the minister and the company's management are independent of the state's ownership interest. When the state owns a limited liability company together with others, however, the provisions of the Limited Liability Companies Act that safeguard the interests of individual shareholders will have a bearing on the minister's relationship with and influence over the company. This means that, in these cases, the exercise of the state's ownership can differ to some extent from cases where the state is the sole owner.

When the state is a part-owner in a company, the minister's authority is limited by, among other things, the principle of equality set out in company law, see Section 4-1 of the Limited Liability/Public Limited Liability Companies Act, and the provision prohibiting abuse of the general meeting's authority, see Section 5-21, which are also applica-

ble to other shareholders.²⁸ The latter provision prohibits the general meeting from adopting resolutions that are suited to give certain shareholders or others an unreasonable advantage at the expense of other shareholders or the company. This means that the state, even as a majority shareholder, is prohibited by law from favouring itself at the expense of the other shareholders in the company. This is particularly relevant if the state as an owner wishes to assign the company tasks that do not naturally fall within the company's scope of activities. In addition to the above-mentioned principle of equality and abuse provision, there are also a number of other provisions in company law that safeguard individual shareholders.

An overview is provided below of the influence a part-owner has in a company under company law based on different ownership interests:

9/10

An ownership interest of nine-tenths or more of the share capital and a corresponding share of the votes in a limited liability company entitle the majority shareholder to a compulsory buy-out of the other shareholders in the company.²⁹

2/3 – qualified majority

An ownership interest of two-thirds or more of the share capital and a corresponding share of the votes in a limited liability company gives the shareholder in question control over decisions that require a two-thirds majority under company law. This includes decisions to amend the company's articles of associations, decisions on mergers or demergers, increases and reductions of the share capital, raising convertible loans, and conversion or dissolution of the company.

1/2 – simple majority

An ownership interest of more than half the share capital and a corresponding share of the votes in a limited liability company give the shareholder in question control over decisions that require a simple majority of the votes cast at the general meeting. This includes the approval of the annual

²⁶ See inter alia Section 19 of the Act relating to state-owned enterprises and Section 6-11a of the Public Limited Liability Companies.

²⁷ See Section 42 second paragraph of the Act relating to state-owned enterprises, which states that, if a member of the board, the managing director or the enterprises' auditor disagrees with the ministry's decision, his or her dissenting opinion shall be entered in the minutes.

²⁸ For listed companies, the principle of equality is also described in Section 5-14 of the Act of 29 June 2007 No 75 relating to securities trading.

²⁹ See Section 4-26 of the Limited Liability Companies Act and Section 4-25 of the Public Limited Liability Companies Act.

accounts, including the distribution of dividend, the election of members to the board³⁰ or the corporate assembly, the directors' remuneration, election of the auditor and approval of the auditor's remuneration.

1/3 – negative majority

An ownership interest of more than one-third of the share capital and a corresponding share of the votes in a limited liability company give the shareholder in question negative control over decisions that require a two-thirds majority. This allows the owner to oppose amendment of the articles of association, changes in the company's capital and other material decisions; see the paragraph on two-thirds majority.

8.4 The EEA Agreement – prohibition on state aid

The EEA Agreement is neutral with regard to public and private ownership.³¹ The prohibition on state aid set out in Article 61(1) also applies to companies with a state ownership interest. This limits the state's possibility of emphasising non-commercial interests in the exercise of ownership of companies that engage in economic activity in the sense of the EEA Agreement. The purpose of the provisions is to prevent member states from distorting competition through subsidies that strengthen the competitiveness of domestic companies at the expense of companies in other member states.

Six conditions must be fulfilled in order for a measure to be deemed to constitute state aid: the aid recipient must be an undertaking and the aid must be granted by the public authorities, favour certain undertakings or the production of certain goods or services, confer an economic advantage on the recipient, distort competition and have the potential to affect trade between the EEA states.

In order to decide whether public funds/capital infusion entails an advantage for the company and thereby constitute state aid, given that the other conditions are met, the European Court of Justice and the European Commission have developed a practice known as the Market Economy Investor Principle (MEIP)³². If the state contri-

butes capital on other terms than what a comparable private investor is assumed to have required, it may indicate that the measure involves an economic advantage for the company that may violate the rules on state aid. This means that the state must demand a normal market return on capital invested in a company that operates in competition with others.

The EFTA Surveillance Authority (ESA) supervises compliance with the state aid regulations in Norway.

8.5 Other important frameworks for the state's exercise of ownership

8.5.1 Restrictions on the right to hold directorships

Civil servants and senior officials employed in a ministry or in other central government administrative bodies that regularly considers matters of material importance to certain companies or industries are not eligible for election to the board of such companies. This follows from the State Personnel Handbook.³³ The purpose of the prohibition is to prevent partiality issues or constellations that weaken trust in the public administration's decisions.

Furthermore, the Storting has decided that members of the Storting should not be elected to offices in companies subject to the Storting's control, unless it can be assumed that the member in question will not stand for re-election.³⁴ It follows from the handbook of political management that it has been 'an unwritten rule' that newly appointed ministers withdraw from any boards and councils they serve on. The handbook also states that state secretaries and political advisers should also consider withdrawing from such offices.³⁵

The Disqualification Act³⁶ also contains provisions that provide for the possibility of imposing a period of disqualification on politicians, civil servants and other state employees when they move to a position outside the government administration.

³⁰ The board is elected by the corporate assembly if one has been established.

³¹ See Articles 125 and 59(2).

³² Also called Market Economy Operator (MEO).

³³ See section 10.14.1 of the State Personnel Handbook, see Report No 9 to the Storting, see Recommendation No 91 (1969–70) to the Storting on the appointment of civil servants to boards of directors, councils etc.

³⁴ Recommendation No 277 (1976–77) to the Storting: Recommendation from the Standing Committee on Foreign Affairs and Constitutional Matters on the Storting's monitoring of the public administration, page 15.

³⁵ Handbook of political management, section 14.3.2.

³⁶ Act of 19 June 2015 No 70 on a duty of disclosure, disqualification and abstaining from dealing with certain matters for politicians, civil servants and state employees.

8.5.2 Regulations on Financial Management in Central Government

The Regulations on Financial Management in Central Government³⁷ contain guidelines on the state's exercise of ownership. The purpose of the regulations is to ensure that the central government's assets are properly managed. Section 10 of the Regulations states that:

'Agencies with overall responsibility for (...) independent legal entities wholly or partially owned by the central government, shall draw up written guidelines on how management and control powers shall be executed for each individual company or for groups of companies. (...)

The central government shall, within the framework of applicable laws and rules, manage its ownerships in accordance with general principles of corporate governance with special emphasis on:

- a) that the chosen organisation of the company, the company's articles of association, the financing and the composition of the management board are appropriate given the company's purpose and ownership*
- b) that the execution of the ownership ensures equal treatment of all owners and supports a explicit distribution of authority and responsibility between the owners and the management board*
- c) that the objectives established for the company are achieved*
- d) that the management board operates satisfactorily.*

Governance, monitoring and control including appropriate guidelines shall be adjusted to the size of the central government shareholding, the distinctive characteristics of the company, risk profile and significance.'

Furthermore, Section 16 states that:

'All agencies shall ensure that evaluations are performed to obtain information on efficiency, achievement of objectives and results within the agency's entire area of responsibility and activities or within parts thereof. The evaluations shall focus on the appropriateness of for instance ownership, organisation and instruments,

including grant schemes. The frequency and scope of the evaluations shall be based on the agency's distinctive characteristics, its risk profile and its significance.'

The framework for the state's exercise of ownership, as described in this white paper, is in accordance with the abovementioned provisions.

8.5.3 The OECD's guidelines for corporate governance of companies with a state ownership interest³⁸

The OECD has adopted guidelines on corporate governance of companies with a state ownership interest (referred to as the SOE Guidelines) and for anti-corruption and integrity in companies with a state ownership interest (referred to as the ACI Guidelines). The guidelines contain recommendations concerning frameworks for state ownership and good corporate governance of companies with a state ownership interest (referred to as state-owned enterprises (SOEs) in the guidelines), which can help companies with a state ownership interest to ensure that they are run as efficiently as well-run private companies. The guidelines are aimed at the member states' authorities, but, by describing a set of good practices, they also provide guidance for the board and general manager of companies with a state ownership interest. The guidelines apply to companies with a state ownership interest that engage in economic activity,³⁹ either exclusively or in combination with the pursuit of public policy objectives.⁴⁰

The SOE Guidelines aim to (i) professionalise the state as an owner, (ii) make companies with a state ownership interest operate with the same efficiency and the same degree of transparency as well-run private companies, and (iii) ensure that competition between companies with a state ownership interest and private companies is conducted on a level playing field. The guidelines are a supplement to the OECD Principles of Corporate Governance.⁴¹

The SOE Guidelines state that the purpose of state ownership should be to create value. The

³⁷ Prepared by the Ministry of Finance. Adopted by Royal Decree of 12 December 2003. Latest amendment 23 September 2019.

³⁸ OECD (2015): 'OECD Guidelines on Corporate Governance of State-Owned Enterprises' and OECD (2019): 'Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises'.

³⁹ The term 'economic activity' is defined in more detail in the guidelines.

⁴⁰ The guidelines are only applicable to companies where the state is the controlling owner.

⁴¹ G20/OECD (2015): 'Principles of Corporate Governance'.

guidelines contain recommendations on the following main topics: the rationale for state ownership, the state's role as an owner, state-owned enterprises in the marketplace, equitable treatment of shareholders, responsible business, disclosure and transparency, and the responsibilities of the boards.

A central element in the SOE Guidelines are recommendations relating to frameworks that promote fair competition when companies with a state ownership interest engage in economic activities. It is clear from the annotations to the guidelines that, when companies with a state ownership interest engage in economic activities, those activities must be carried out without any undue advantages or disadvantages relative to other companies. The overarching recommendation relating to fair competition (a level playing field) is elaborated on through several sub-recommendations, including that there should be a clear separation between the state's ownership function and other state functions, that high standards of transparency and disclosure regarding cost and revenue structure must be maintained for companies that combine economic activities and public policy objectives, that SOEs shall, as a general rule, be subject to the same legislation as other companies and financing on market terms.

The ACI Guidelines supplement the SOE Guidelines by providing supplementary guidance to the member states on how to fulfil their role as active and informed owners in the specific area of anti-corruption and integrity. The ACI Guidelines include recommendations on how the member states should organise state ownership and promote integrity, as well as how the member states as owners should follow up the companies in relation to this.

The Norwegian state's exercise of ownership is mainly in accordance with the OECD's guidelines on corporate governance of companies with a state ownership interest.

8.5.4 The Norwegian Code of Practice for Corporate Governance

The Norwegian Corporate Governance Board (NCGB) consists of representatives of different interest groups for owners, issuers and Oslo Stock Exchange.⁴² NCGB publishes the Norwegian Code of Practice for Corporate Governance and

keeps it up to date. The objective of the Code of Practice is that companies shall practise corporate governance that regulates the division of roles between shareholders, the board and executive management more comprehensive than is required by legislation. The Code of Practice is intended to strengthen confidence in listed companies among shareholders, the capital market and other stakeholders.

The Code of Practice is primarily aimed at companies listed on a Norwegian stock exchange, but is also relevant for non-listed companies. It primarily addresses the companies' boards, but several of the recommendations in the Code of Practice are also relevant for owners. This includes sections 2 (Business), 3 (Equity and dividends), 4 (Equal treatment of shareholders and transactions with close associates), 5 (Shares and negotiability), 6 (General meetings), 7 (Nomination committee), 8 (Board of directors: composition and independence) and 11 (Remuneration of the board of directors). The Code of Practice is a supplement to the state's own corporate governance principles.

8.6 Special frameworks for companies that perform assignments for the state

The state awards assignments directly to several of the companies with a state ownership interest. This usually applies to companies in Category 3, but occasionally also to companies in Category 2. The awarding of such assignments is related to the state's rationale for ownership and the state's goal as an owner. The possibility of awarding assignments directly to companies is regulated by the regulations for public procurements, the state aid regulations, the Regulations on Financial Management in Central Government and any special legislation applicable to the company. For companies that perform assignments for the state, the state will follow up the companies as principal, regulatory authority and/or supervisory authority in addition to its capacity as owner. The follow-up exercised through these roles can partly replace or come in addition to the state's follow-up as owner.

Examples of assignment the state can award to such companies include management of government schemes, construction and management of infrastructure, supply of goods and services and statutory monopolies. When the state instructs companies to perform assignments, the assign-

⁴² The Ministry of Trade, Industry and Fisheries is a member of the Institutional Investor Forum, which in turn is a member of NCGB.

ment is normally accompanied by financial compensation allocated over the national budget or through other regulated revenues.

The Regulations on Financial Management in Central Government can provide guidelines for the company's performance of the assignment, both regarding funds transferred to the company and any state assets that the company manages. The state normally follows up assignments through letters of assignment/allocation, reporting and dialogue, and, if applicable, goal and performance management systems.

The state can also enter into agreements to purchase services from a company. In such case, the assignment and the financial compensation will normally be regulated in the agreement. Agreements are followed up through reporting from and dialogue with the company.

Companies performing assignments for the state can be fully or partly user-financed. Companies' right to demand a fee for goods or services, or exclusive rights to a market (monopoly), is adopted by the Storting.

Some companies have dedicated supervisory bodies charged with following up their assignments.⁴³

Companies that engage in economic activities in relation to state aid law, in addition to performing publicly funded assignments, shall separate these activities in its accounts.⁴⁴ This highlights the company's revenues and expenses, helps to prevent illegal state aid through cross-subsidisation from non-commercial to commercial activities and allows for efficient follow-up by the state as owner and principal.

Figure 8.1 shows different characteristics of the companies in Category 3: how they are financed, which roles the state plays in addition to the role as owner, and whether the companies operate in competition with others.

⁴³ Examples include Norsk rikskringkasting and Norsk Tipping, whose assignments are supervised by the Norwegian Media Authority and the Norwegian Gaming Authority, respectively.

⁴⁴ Such a requirement for separate accounts for companies that engage in both economic and non-economic activities in the sense of the EEA Agreement and which are owned by the public or have non-economic activity that is financed by/receives funds from the public, follows from EU case law and thereby EEA law, which is directly binding on Norway.

Company	Financing				The state's roles (in addition to owner)			Other
	Public funds ¹	Fees ²	User/market revenues ³	Long-term debt ⁴	Agreement ⁵	Special legislation ⁶	Allocation ⁷	Activities in competition
Andøya Space Center AS	x		x	x			x	x
Avinor AS		x	x	x				x
Bane NOR SF	x	x	x	x	x			x
Bjørnøen AS	x						x	
Carte Blanche AS	x		x				x	
AS Den Nationale Scene	x		x				x	
Den Norske Opera & Ballett AS	x		x	x			x	
Eksportkreditt Norge AS	x					x	x	
Enova SF	x	x			x		x	
Entur AS	x	x	x		x			
Fiskeri- og havbruksnæringens forskningsfinansiering AS		x				x		
Gassco AS			x	x		x		
Gassnova SF	x						x	
Graminor AS	x		x	x			x	x
Innovasjon Norge (special legislation company)	x		x	x		x	x	x
Kimen Såvarelaboratoriet AS	x		x		x			x
Kings Bay AS	x		x				x	
Nationaltheatret AS	x		x	x			x	
Nofima AS	x		x				x	x
Nordisk Institutt for Odontologiske Materialer AS	x		x				x	x
Norfund (special legislation company)	x					x		
Norges sjømatråd AS		x				x		
Norsk Helsenett SF	x		x				x	
Norsk rikskringkasting AS	x		x			x		x
Norsk Tipping AS (special legislation company)			x			x		
Norske tog AS			x	x	x			
NSD – Norsk senter for forskningsdata AS	x		x				x	
Nye Veier AS	x	x			x			
Petoro AS	x					x	x	
Regionale helseforetak (special legislation companies)	x		x	x		x	x	
Rogaland Teater AS	x		x	x			x	
Simula Research Laboratory AS	x		x	x			x	
Siva - Selskapet for Industrivekst SF	x		x	x			x	x
Space Norway AS			x	x				x
Statnett SF			x	x		x		
Statskog SF	x		x	x	x	x	x	x
Staur gård AS			x					x
Store Norske Spitsbergen Kulkompani AS	x		x	x			x	x
Talent Norge AS	x		x				x	
Trøndelag Teater AS	x		x				x	
Universitetssenteret på Svalbard AS	x		x	x			x	
AS Vinmonopolet (special legislation company)			x			x	x	

¹ Financed via public funds, including via third parties where it is specified that the funds shall be allocated to the company.
² Financed through fees or similar adopted by the Storting or by authority from the Storting.
³ Revenues from users or customers. User revenues are normally based on coverage of costs or user fees, while market revenues normally include a mark-up.
⁴ Only includes long-term interest-bearing debt, from the public or private institutions. Companies may also have other long-term obligations, including pension obligations.
⁵ Agreement entered into between the company and a ministry/subordinate government agency.
⁶ Special legislation companies and other companies whose activities are regulated by special acts and/or regulations.
⁷ The company receives letters of assignment from the state.
⁸ The company has activities in competition with others.

Figure 8.1 A schematic overview of how the companies in Category 3 are financed, which roles the state has in addition to the role as owner, and whether the companies have activities in competition with others.

9 The state's ten principles for good corporate governance

The principles, together with the state's goal as an owner, form the basis for how the state exercises its ownership within the framework described in Chapter 8.

There is a broad political consensus about the key elements of the framework for the state's exercise of ownership. This has created predictability for the companies and the capital market, which is an advantage of the way state ownership is exercised in Norway. In this white paper, the key elements of the framework for the state's exercise of ownership are included in the state's ten principles for good corporate governance.

Previously, the principles have concerned both the state's exercise of ownership and some expectations of the companies. In this white paper, the prin-

ciples exclusively concern the state's exercise of ownership, as the title indicates. The state's expectations of the companies, including of the companies' goals and strategy, capital structure, diversity, executive pay and responsible business conduct, have been extended, clarified and compiled in Chapter 10.

The revision of the principles does not entail changes in the ownership policy. The purpose of the changes is to clarify what the companies and the general public can expect of the state and what the state expects of the companies.

The principles are reflected in the state's expectations of the companies (Chapter 10), the state's work on the election of boards (Chapter 11) and how the state follows up the companies (Chapter 12).

The state's ten principles for good corporate governance	
Principles	See chapter
1. The state shall be a responsible owner.	12, 10
2. The state shall demonstrate transparency about its ownership and exercise of ownership.	13
3. The state's exercise of ownership shall contribute to the attainment of the state's goal as an owner. This takes place through expectations of the companies, voting at general meetings and other means of exercising ownership.	7, 10, 11, 12
4. The state's exercise of ownership is based on the division of roles and responsibilities between the owner, the board of directors and the general manager set out in company law, and on generally recognised principles and standards for corporate governance.	12, 8
5. The state's authority as owner shall be exercised through the general meeting.	12.3, 8.3
6. The board of directors is responsible for managing the company. The state shall assess the company's goal attainment and its efforts regarding the state's expectations, and the board's contribution in this context.	12, 8.3
7. Relevant expertise shall be the state's main consideration in its work on the composition of boards of directors. The state shall also emphasise capacity and diversity based on the distinctive nature of the company.	11
8. The state shall exercise its ownership in accordance with the principle of equal treatment of shareholders set out in company law.	12.4, 8.3.4
9. The state's role as owner shall be kept separate from its other roles.	12.8
10. State ownership shall not give companies with a state ownership interest undue competitive advantages or disadvantages compared to companies without a state ownership interest.	12.8, 8.4, 8.5.3

Figure 9.1 The state's ten principles for good corporate governance.

¹ For reasons of simplicity, 'general meeting' is used as a collective term for the companies' supreme body; see section 8.3.

10 The state's expectations of the companies shall contribute to the attainment of the state's goal as an owner

By defining clear expectations of the companies through the white paper on ownership policy, the state wishes to contribute to attaining the state's goal as an owner in a sustainable and responsible way. It also contributes to transparency about what the state is concerned with in its role as owner.

The state's expectations are addressed to the companies' boards. Under company law, the board is responsible for managing the company, while the managing director is responsible for the day-to-day management of the company's business. Several of the state's expectations concern areas where the work is normally followed up by the company's administrative management (referred to as the management in this chapter). However, it is the board's responsibility to assess whether and how the company shall work on the different areas and follow up the work. The state places emphasis on the boards taking active responsibility for this.

The companies differ in terms of their size, industry and international presence, among other things. The companies' work on the different areas in which the state has expectations should be adapted to the companies' distinctive nature, size, risk exposure and what is material to each individual company.

The state's goal as an owner, either the highest possible return over time or the most efficient possible attainment of public policy goals, is reflected in a corresponding expectation of the companies. The state's other expectations support the state's goal as an owner. The expectations are largely based on international good practice and recognised international guidelines. The expectations are structured as follows:

- Elements of corporate governance that are expected to have a bearing on the companies' long-term value creation/goal attainment:
 - An overarching agenda for sustainable value creation specified in terms of goals and strategies.
 - Factors with a bearing on attainment of the company's goals and implementation of the company's strategy: resources, organisation, incentives and responsible business conduct.

- Performance and risk management as the basis for and assessment of attainment of the company's goals and implementation of the company's strategy.
- The Norwegian Code of Practice for Corporate Governance.
- Organisation of the board's work.
- Transparency and reporting.

The expectations are summarised in Figure 10.1.

The state's expectations of the companies are listed as bullet points in this chapter. An explanation of the expectations is provided under the bullet points. Unless otherwise specified, the expectations apply to all the companies. The areas where the state has expectations are included in the dialogue between the companies and the state. The state's follow-up of and dialogue with the companies, including how the state follows up its expectations, are described in Chapter 12.

This chapter also includes examples of good practice in selected areas, described in dedicated boxes and figures. This is intended as inspiration for the companies' work, not as expectations.

10.1 Operationalisation of the state's goal: The highest possible return over time and the most efficient possible attainment of public policy goals

The state expects that:

- The companies in Categories 1 and 2 deliver the highest possible return over time.
 - The companies in Category 3 deliver the most efficient possible attainment of public policy goals. If the company also has activities in competition with others, the state normally expects the highest possible return over time from this part of the company's activities.
-

In line with the state's goal as an owner, see section 7.1.1, the state expects the companies in Cate-

The state's expectations of the companies	
Topic	The state expects that:
Overarching goal for the exercise of ownership (see 10.1)	<ul style="list-style-type: none"> • The companies in Categories 1 and 2 deliver the highest possible return over time. • The companies in Category 3 deliver the most efficient possible attainment of public policy goals. If the company also has activities in competition with others, the state normally expects the highest possible return over time from this part of the company's activities.
Sustainable value creation, clear goals and strategies (see 10.2)	<ul style="list-style-type: none"> • The company has an overarching agenda for sustainable value creation. • The company defines and implements clear goals and strategies, and reports on them. • The choice of risk level is an integrated part of the company's strategy.
Factors with a bearing on the company's goal attainment and implementation of strategy:	
Resources and organisation (see 10.3)	<ul style="list-style-type: none"> • The company's resources are efficiently managed and organised in a way that promotes attainment of the company's goals and supports the company's strategy. Resources here refers to everything the company utilises in its processes, such as human capital, financial capital, corporate culture, relationships, natural resources and other tangible and intangible assets. • The company works systematically on recruiting and developing employees, and has clear goals and measures in place for increasing relevant diversity, including a better gender balance, in the company. • The listed companies communicate what they deem to be an appropriate capital structure and dividend level to the market. The non-listed companies communicate what they deem to be an appropriate capital structure and dividend level to their owners.
Incentives (see 10.4)	<ul style="list-style-type: none"> • Remuneration and other incentives used by the company promote attainment of the company's goals. • The remuneration of senior executives is competitive, but not market-leading, and is set with due regard to the principle of moderation. • The company is transparent about the structure, level and development of the remuneration of senior executives. <p>The expectations are elaborated on in the state's guidelines for the remuneration of senior executives.</p>
Responsible business conduct (see 10.5)	<ul style="list-style-type: none"> • The company leads the field in its work on responsible business conduct. • The company works to protect human rights and labour rights, reduce its climate and environmental footprint and prevent economic crime, including corruption and money laundering. • The company has a justified tax policy that is publicly available. • The company conducts due diligence for responsible business conduct based on recognised methods. • The company is transparent about material areas, goals and measures relating to its work on responsible business conduct.
Performance and risk management (see 10.6)	<ul style="list-style-type: none"> • The company measures value creation, goal attainment and the implementation of the strategy. The most important key performance indicators are reported to the owners. • The company has an effective risk management system adapted to the company's operations, goals and strategy.
The Norwegian Corporate Governance Board's Code of Practice (see 10.7)	<ul style="list-style-type: none"> • The company complies with the Norwegian Code of Practice for Corporate Governance where relevant, adapted to the company's operations.
The board's work (see 10.8)	<ul style="list-style-type: none"> • The board follows best practice for board work, adapted to the company's operations.
Transparency and reporting (see 10.9)	<ul style="list-style-type: none"> • The company is transparent about and reports on material matters relating to the company's operations.

Figure 10.1 The state's expectations of the companies.

gories 1 and 2 to deliver the highest possible return over time, within the provisions of the companies' articles of association. The state measures the company's total shareholder return, meaning the change in the company's value taking into account dividends, against what is considered the normal market return over time.¹ The state places emphasis on the board having an opinion about the company's value and regularly assessing the company's total shareholder return. The same applies to those parts of relevant companies in Category 3 for which the state's goal is the highest possible return over time, see section 7.1.2.

The state has defined public policy goals for each company in Category 3, see section 6.3, which should normally be reflected in the companies' articles of association. The state expects public policy goals to be attained in the most efficient way possible, see section 7.1.2. This means that the company's resources are allocated to activities that provide the highest possible public policy goal attainment and that the activities are carried out in the most cost-effective way possible. For example, this can entail that the company works to achieve the highest possible goal attainment with the available resources, or delivers on a given goal with as little

¹ See section 12.5.1 for information concerning the state's follow-up.

resources as possible. In order to follow this up, it is crucial that the board regularly assesses the company's goal attainment and efficiency.

If the goal attainment is poor, the state places emphasis on the boards taking necessary steps to address this. Poor goal attainment over time may entail adjustment or changes in the company.

10.2 Sustainable value creation, clear goals and strategies

The state expects that:

- The company has an overarching agenda for sustainable value creation.
- The company defines and implements clear goals and strategies, and reports on them.
- The choice of risk level is an integrated part of the company's strategy.

An agenda for sustainable value creation shows the board and management's plan for how the company can create value, meaning a return or the attainment of public policy goals, over time. This includes how the company understands its competitive advantages and what drives its long-term value creation. The agenda is given more concrete expression in short-term strategies and

Box 10.1 Who is the company for?

The fundamental limitations in the capital market's ability to allocate capital in the best way possible has for a long time been the subject of international debate. The way many markets are organised can promote short-term interests at the expense of more long-term interests. Several investors and other stakeholders have called for companies to define their purpose, meaning the company's reason for existing, beyond providing return to the owners. A company's purpose describes the company's role in society, including how the company benefits its customers and other key stakeholders in the long term. A well-defined purpose can guide the company's work on strategy, corporate culture and long-term capital allocation.

For the companies in Category 3, the company's purpose often follows from the state's rationale for ownership and the state's goal as an owner.

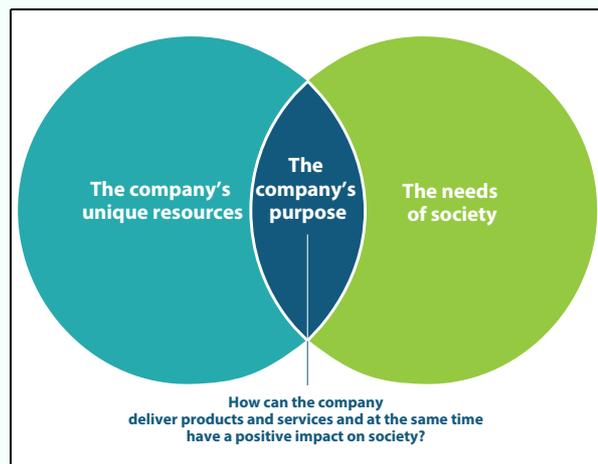


Figure 10.2 The company's purpose.

<p>Sustainable value creation agenda</p> <p>Long term</p>	<ul style="list-style-type: none"> • Understand relevant trends, scenarios, competitive advantages and value drivers that affect the company. • Shape the future of both the company and society: Define a clear role in society, who the company exists for (the company's purpose)? • Define the risks clearly, including a "plan B". 	<p>Level: Corporation</p>
<p>Strategy</p> <p>Medium term</p>	<ul style="list-style-type: none"> • Draw up a multi-year development plan at the business unit level. • Set the most important priorities. • Develop an innovation roadmap. • Set the strategic risk level. • Explore new, adjacent business areas and cross-business-unit opportunities (within possible limitations in the company's articles of association). • Explore partnerships and M&A opportunities (within possible limitations in the company's articles of association). 	<p>Level: Corporation and business unit</p>
<p>Action plans</p> <p>Short term</p>	<ul style="list-style-type: none"> • Turn the strategy into milestones and action plans that are followed up and implemented in the organisation. • Monitor whether changes in the external environment affect the strategy. • Articulate critical questions and discuss options. • Corporate management - assess progress and strategic initiatives regularly based on follow-up insight. 	<p>Level: Products, regions, functions</p>

Figure 10.3 Different strategic planning horizons.

Source: BCG.

action plans. The company's sustainable value creation agenda forms a basis for the company's dialogue with its owners.²

Value creation over time requires the company to be sustainable. A sustainable company balances financial, social and environmental factors in a way that contributes to long-term value creation, while ensuring that today's needs are met without limiting the possibilities of future generations. This entails that the company identifies and addresses material opportunities and risks, both for the company itself and for those affected by its activities. It is easier for a company that monitors developments in its surroundings and understands its role in society and what its stakeholders are concerned with, to understand which factors influence opportunities for value creation.

Box 10.2 The board's involvement in strategy work

Good practice for the board's strategy work is to set aside sufficient time for the strategy work and to work systematically and continuously on the company's strategy as a supplement to the traditional annual strategy process.¹ Always-on strategy work will make it easier for the board to follow up and discuss matters that require continuous attention, including matters that follow from the annual strategy process. An always-on strategy process can be particularly useful to address topics outside the company's current core activities or matters spanning several business areas.

Good board work is characterised by being forward-looking and taking a long-term perspective, which is essential to be able to maintain and develop the company's value creation and ability to deliver effectively.

¹ BCG (2017): 'Always-On Strategy'.

² The company's agenda for sustainable value creation is not a reporting tool.

Box 10.3 Materiality analysis

What is deemed to constitute areas of opportunity and risk varies between industries and companies. To prioritise the utilisation of resources where they yield the greatest effect, it is crucial for all companies to consider what is material to the company's value creation, on the one hand, and what the risk areas for its stakeholders are, on the other. Understanding stakeholders' perspectives and how they are affected by the company's business may enable the company to identify changes in customer preferences, technology and competition, among other things. It can also help the company to predict regulatory changes in different areas. A good materiality analysis helps companies to adapt their strategic work to the nature, risk exposure and size of the business.

Several analysis tools have been established for materiality analysis related to responsible business conduct, for example the GRI Sustainability Reporting Standards and Oslo Stock Exchange's guidance on the reporting of corporate responsibility (2018). Such frameworks are increasingly used by companies in other areas as well, for example to provide a comprehensive description of material risks and opportunities for both the company, stakeholders and society.

Box 10.4 Climate risk and opportunities – TCFD

The Task Force on Climate Related Financial Disclosures (TCFD) was set up by the G20 Financial Stability Board to assess climate-related financial instability. The purpose was to increase the amount of information available to investors, creditors and insurance providers about how climate change affects companies. The TCFD recommends that companies report on the following four climate-related areas:¹

1. The board and the management's role in assessing climate-related risks and opportunities.
2. The company's climate-related risks and opportunities in the short, medium and long term, and how they impact the company's business, strategy and financial planning, including the resilience of the strategy in different climate-related scenarios.
3. How climate-related risks are identified, managed and integrated into the company's risk management.
4. The company's greenhouse gas emissions and the company's climate-related metrics, targets and performance.

¹ TCFD (2017): 'Final Report – Recommendations of the Task Force on Climate-related Financial Disclosures'.

Climate change is an example of a value driver that entails both risks and opportunities for the companies. Sustainable value creation requires the companies to address risks and opportunities relating to climate change in their plans and strategies. Climate risk is discussed in more detail in the report from Norway's Climate Risk Commission: NOU 2018: 17 – Climate risk and the Norwegian economy.

The board is responsible for adopting goals and strategies for the company within the provisions of the articles of association. The state places emphasis on the board setting clear goals and strategies that contribute to achieving the highest possible return over time or the most efficient possible attainment of public policy goals. Clear goals and strategies provide the company with direction and contributes to the company

prioritising and allocating resources to where they make the greatest contribution to value creation (return over time or attainment of public policy goals). Reporting on goals and strategies is normally part of the company's annual report.

Being capable of adaptation and innovation is crucial for a company's further development and competitiveness. Good innovation processes, the ability to identify and understand changes in the external environment, and, if applicable, research and development, are important parts of a company's strategy and can contribute to creating sustainable growth.

For some of the companies, transactions and other structural measures may be necessary or relevant to achieve sustainable value creation. The state places emphasis on the board considering such opportunities, regardless of whether they

require a decision by the general meeting, and will consider any initiatives the company presents.³

Different strategies involve different risks. Determining how much and which types of risk the company is willing to accept, both financial and non-financial risks, is part of the board's strategy work. The company's strategy is adapted to its long-term risk profile.

It is decisive for goal attainment that the strategy is properly implemented in the organisation, for example using action plans with clear milestones for relevant levels of the organisation.

10.3 Resources and organisation

The state expects that:

- The company's resources are efficiently managed and organised in a way that promotes attainment of the company's goals and supports the company's strategy. Resources here refers to everything the company utilises in its processes, such as human capital, financial capital, technology, corporate culture, relationships, natural resources and other tangible and intangible assets.
- The company works systematically on recruiting and developing employees, and has clear goals and measures in place for increasing relevant diversity, including a better gender balance, in the company.
- The listed companies communicate what they deem to be an appropriate capital structure and dividend level to the market. The non-listed companies communicate what they deem to be an appropriate capital structure and dividend level to their owners.

An appropriate set of resources, that the resources are adapted to the company's strategy and that they are allocated where they best contribute to attainment of the company's goals are decisive for goal attainment. By resources is meant everything the company utilises in its processes. Some of the resources are discussed in more detail below, but the state's first expectation (as described above) applies to all the companies' resources.

Organisation and resource management refers to, among other things, the company's organisa-

tional and decision-making structures, guidelines on resource use and work methods. This includes the company's processes, the division of responsibility and career paths.

The board is responsible for ensuring that the company's business is soundly organised. The state places emphasis on the board regularly assessing whether the company's organisation support the company's strategy and whether its resources are used efficiently. The use of digital solutions can be an aid to increase efficiency.

New forms and models of organisation are tested and used to create more agile and resilient businesses that are more able to meet changes in the market and surroundings and achieve increased efficiency. Increased use of autonomy, inter-functional cooperation and the use of temporary groups with responsibility for performance are examples of new ways of organising a business.

Corporate culture

The company's culture influences employees' behaviour and thereby the company's ability for goal attainment and the ability to act responsibly. The factors that affect a company's culture are complex and difficult to measure, but it is assumed that the culture is influenced by, among other things, the company's vision and values and how they are communicated. Formal and informal incentives, performance management systems and decision-making and organisational structures also influence a company's culture.

The board has a specific role in defining, facilitating and evaluating the company's culture, so that it promotes attainment of the company's goals and supports the company's strategy. This includes both assessing and providing advice on the company's work on developing the desired culture.

The attitudes and conduct of managers are often decisive in developing the desired culture. For example, how managers communicate set the tone for how the rest of the organisation communicates. Appointments, promotions and pay schemes are also examples of factors that influence employees' conduct.

There is reason to assume that companies with a corporate culture that can be characterised as value-creating and responsible reward behaviour that contributes to long-term value creation, encourage transparency about challenges and objections and create a low threshold for reporting matters that warrant criticism.

³ See section 12.7, which shows that the state takes a positive view of transactions aimed at contributing to attainment of the state's goal as an owner.

	 Innovative	 Agile	 Customer oriented	 Cost-conscious	 Growth oriented
Strategy and competitive advantage	Develops breakthrough products, processes, services, customer experiences and business models.	Responds quickly to changing customer needs through continuous feedback.	High customer satisfaction and loyalty that lead to sustainable and valuable long-term relationships.	Sustainable reduction of costs through the lean methodology to maintain/increase profitability.	Outperforms other companies (for example in terms of products, channels, markets or partnerships and acquisitions).
Example behaviours	Practises high risk tolerance (values and accepts 'Fast failure').	Empower people to collaborate and make decisions together.	Understands target segments and customer needs.	Fosters accountability and is transparent about costs.	Develops standardised processes that enable upscaling.
Company examples					

Figure 10.4 Different cultures that supports the company’s strategy.

Source: BCG.

The organisation discourages taking risk and emphasises protecting the current market position.	Protecting market position	↔	Growth oriented	The organisation supports taking risk to grow, and to give the organisation learning opportunities.
Decision-making in the organisation takes place at a high level.	Controlling	↔	Delegating	Decision-making is broadly diffused and delegated in the organisation.
Processes are clearly defined and followed.	Structured	↔	Flexible	Processes are informal and vary depending on the circumstances.
Employees spend the majority of their time brainstorming and planning ideas.	Planning	↔	Doing	Employees spend the majority of their time implementing ideas.
In delivering difficult messages, employees exercise diplomacy and moderation in their communication.	Diplomatic	↔	Direct	In delivering difficult messages, employees are direct in their communication.
Employees prioritise individual goals over colleagues’ or the company’s collective goals.	Individualistic	↔	Collaborative	Employees prioritise colleagues’ or the company’s collective goals over individual goals.
The company is primarily concerned of internal matters.	Internal	↔	External	The company is primarily concerned of external matters.

Figure 10.5 Different cultural dimensions.

Source: BCG.

Box 10.5 The board's work on a succession plan for the managing director and for employee development

One of the board's most important tasks is to appoint the managing director. Good board work is characterised by having a succession plan for the company's managing director high on the agenda, and by having a range of potential candidates at all times. Factors that determine whether the succession plan for the managing director is successful usually include early identification, development and regular evaluation of potential candidates as well as procedures that contribute to a smooth transition.

Good practice also involves following up the rest of the company's long-term management development programme, including that it supports the company's strategy. Good boards conduct regular assessments and follow-up of management talents at several levels of the organisation, and identify candidates with the potential to take on key positions in the company in future.

Employees and diversity

A good personnel strategy and a recruitment and development plan for managers and employees contribute to ensuring that the company has the managers and personnel it needs and the expertise required to implement the company's strategy and achieve its goals. This requires, among other things, awareness of the skills that are required among managers and employees in the short and long term in order to succeed with the company's strategy. This, in turn, requires that the company maps available expertise in the company at present and the expertise needed in the future. To have the best possible recruitment base, it is essential that the company recruits personnel from as broad a segment of the population as possible. For some of the companies, the recruitment of apprentices can also be a good way of accessing the right competence.

Diversity refers to differences in terms of backgrounds and qualifications that provide different perspectives and opinions. Surveys show that there is a link between diversity in management, especially in terms of the proportion of women, and companies' profitability and development.⁴ A

diversity of backgrounds and qualifications provide different perspectives that may provide a better and broader basis for making good decisions. The surveys also point out that it may be easier for companies with a diverse workforce to attract the best employees. Companies with a diversity of backgrounds and qualifications and a culture for openly expressing different opinions can thereby have a competitive advantage. Awareness of the value of diversity, including gender balance in the company, is therefore crucial.

The state places emphasis on the board taking ownership of the company's work on diversity and setting clear targets for diversity. Furthermore, it is essential that the board considers whether the company's culture and measures promote relevant diversity, including a better gender balance that enable attainment of the company's goals. Clear targets provide direction and contribute to diversity being prioritised and followed up.

What constitutes relevant diversity varies. Apart from gender, diversity includes different work experience, education, geography, cultural background, age, disability, sexual orientation and non-work-related experience.

Gender balance in particular

Several of the companies have a low proportion of female employees, and it will be crucial for these companies to recruit from both genders. Companies that use resources from both genders in their recruitment processes will have a broader and better basis for making new appointments. This is decisive for the companies in the 'battle for the best minds'.

As mentioned, a diversity of backgrounds and experience among management can lead to a better and broader basis for making good decisions. Surveys show that there is a link between the proportion of women in management and companies' profitability and development. In order to promote diversity in the company's management, dedicated efforts must be made at all levels of the organisation. Clear targets and measures to achieve a better gender balance, and the board's involvement in this work, are key elements for the work to be prioritised and followed up.

⁴ See inter alia Hunt, V., Layton, D. and Prince, S. (2015): 'Diversity matters' McKinsey, Hunt, V., Yee, L., Prince, S. and Dixon-Fyle, S. (2018): 'Delivering through diversity' McKinsey, Lorenzo, R. et al. (2017): 'The Mix that Matters – Innovation Through Diversity' BCG and Rock, D. and Grant, H. (2016): 'Why diverse teams are smarter' Harvard Business Review.

Box 10.6 Work on diversity

Companies that work to achieve diversity, including gender balance, integrates this into the company’s strategy and work in this area in the same way as in other prioritised areas. The point of departure is awareness of any imbalances that exist in the company and their underlying reasons (mapping), as well as the development of goals, strategies and concrete measures with clear milestones. This includes systematic work on recruitment, employee development, succession planning and support and mentor schemes, among other things. Measures are implemented for each area, and progress is measured and reported on. The board is involved in this work, and the managing director and other senior executives are held accountable for the company’s results.

What measures are most appropriate depends on the company’s size, the challenges it faces and the industry it is part of. Relevant measures the company can take to implement the strategy and achieve its goals may include a range of or a variety of the measures set out below:

- Transparent about the desire for greater diversity, including targets.
- Reporting on progress.
- Measurement of the management’s performance.

- Active use of role models for underrepresented groups.
- Awareness of how job advertisements are worded to encourage broad diversity.
- Diversity requirement/target, including gender, among candidates in recruitment processes.
- Diversity requirement/target, including gender, among candidates for key positions, in the final round.
- Diversity requirement/target, including a minimum percentage of each gender, among participants in internal management development programmes.
- Diversity requirement/target, including a minimum percentage of each gender, on lists of successors for key positions at all levels.
- Measures to help leadership talents from different backgrounds gain line experience.
- Special career development initiatives for underrepresented groups, such as mentor, sponsor and network programmes, management training and personal development programmes.
- Earmarked funds (‘equal pay pool’) to close gender-based pay gaps.

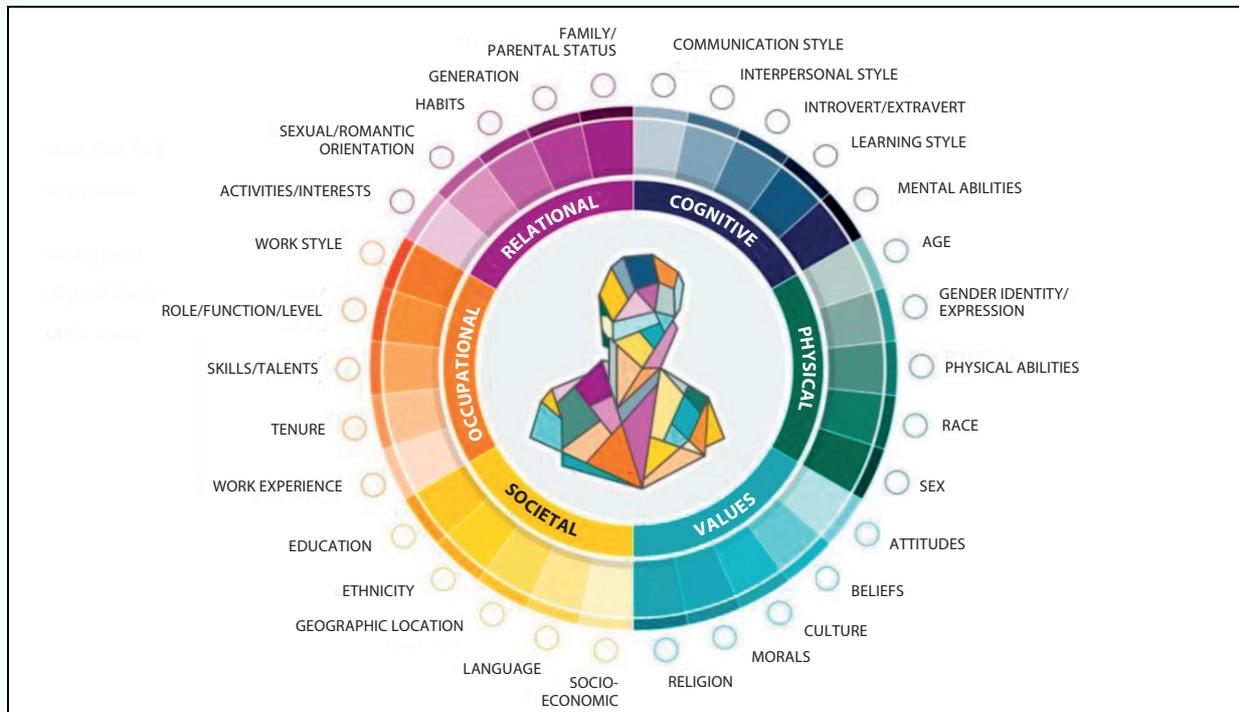


Figure 10.6 Different aspects of diversity.

Source: Korn Ferry.

Capital structure and dividend

An appropriate capital structure promotes the company's value creation or efficient attainment of public policy goals. A too strong balance sheet with easy access to liquid assets can result in unsound investments and less efficient operations. Correspondingly, a poor balance sheet can, among other things, prevent attractive investments from being made.

The board is responsible for ensuring that the company has an appropriate capital structure. This requires the board to consider whether the company's capital structure is appropriate in relation to the company's goals, strategy and risk profile, and that the board has set a target for the capital structure and a plan for achieving the target.

Dividend provides the owners with a direct return and is a way of adjusting the company's capital structure. An appropriately dividend level promotes a long-term return and the most efficient possible attainment of public policy goals.⁵ In some cases, it may be appropriate for the company to buy back shares for the purpose of cancellation in addition to paying dividends. The state communicates concrete dividend expectations to the companies, as described in section 12.5.3.

The state places emphasis on the boards being transparent about their assessments relating to the companies' capital structure and dividend, in order to enable a good dialogue with the board about these topics.

10.4 Incentives

The state expects that:

- Remuneration and other incentives used by the company promote attainment of the company's goals.
- The remuneration of senior executives is competitive, but not market-leading, and is set with due regard to the principle of moderation.
- The company is transparent about the structure, level and development of the remuneration of senior executives.

The expectations are elaborated on in the state's guidelines for the remuneration of senior executives.

By incentives is meant different ways of rewarding performance and conduct in an organisation. The right incentives contribute to implementing the company's strategy and attaining the company's goals, and promotes loyalty and an appropriate risk level. Remuneration is a key element, but incentives also include criteria that form the basis for promotions and what type of conduct is valued in the organisation.

Good remuneration schemes are linked to measureable factors that individual employees can influence and are designed to create a commonality of interest of long-term value creation between the owners, the board, the management and other employees. For companies whose shares are tradable, investments in the company's shares may for example create a commonality of interest.

The companies vary considerable in terms of size, industry, complexity and area of business. What constitutes appropriate incentives and the right level and structure of remuneration will therefore vary between companies. The companies shall have the possibility to recruit and retain the desired expertise by offering competitive remuneration schemes.

Remuneration of senior executives in particular

The expectation that remuneration and other incentives promote attainment of the company's goals also forms the basis for the remuneration of senior executives.

It is crucial that the companies succeed in recruiting and retaining good executives. At the same time, moderation is important to prevent unreasonable differences in society and to avoid undermining the company's reputation. The remuneration shall be competitive, but not market-leading compared with similar companies or enterprises, and the state places emphasis on the board having due regard to the principle of moderation when setting and adjusting remuneration. This includes that the level of remuneration is not higher than necessary to attract and retain the desired expertise. The state places emphasis on the board taking responsibility for the company's remuneration of senior executives so that they contribute to attainment of the company's goals while promoting moderation.

Transparency about the structure, level and development of the remuneration of senior executives fosters public trust in the company and allows the owners to evaluate the schemes. The state places emphasis on the board, in its state-

⁵ Many of the companies in Category 3 are financed via the national budget and do not normally pay dividends.

ment on executive pay, being transparent about the board's assessment of how the remuneration contributes to attaining the company's goals. The state also places emphasis on the board being transparent about, among other things, how the board in the process of setting and adjusting the remuneration has given due regard to the remuneration being competitive but not market-leading, and how it exercises moderation in this context.

For public limited liability companies, it is set out in law that the board shall present its statement on executive pay to the general meeting. In other companies,⁶ the state will include this in the articles of association to allow the owners to consider the board's guidelines for remuneration of senior executives.⁷ An informed vote requires an understandable description of all elements of the remuneration and what payments they entail.

The state has adopted guidelines for the remuneration of senior executives in companies with a state ownership interest; see the Government's web pages on state ownership. They show what the state emphasises when the statement on executive pay is put to the vote at the general meeting. The state's guidelines shall be revised in light of, among other things, the state's expectations and proposed amendments to the Public Limited Liability Companies Act's provisions on the remuneration of senior executives, including the board's guidelines and reporting, and the general meeting's consideration of such matters.⁸

The state's follow-up of deviations from the state's expectations relating to executive pay is described in section 12.6.

⁶ Companies that are not 'small' pursuant to the Norwegian Accounting Act.

⁷ In companies partly owned by the state, the state will seek the other shareholders' consent on including this in the articles of association. For most companies with a state ownership interest, it is currently set out in the articles of association that the board shall present its declaration on executive pay at the general meeting.

⁸ The proposed amendments are intended to incorporate Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, into Norwegian law, see Proposition 135 (Bill) (2018–2019) Amendments to the company legislation etc. (long-term ownership in listed companies etc.).

10.5 Responsible business conduct

The state expects that:

- The company leads the field in its work on responsible business conduct.
 - The company works to protect human rights and labour rights, reduce its climate and environmental footprint and prevent economic crime, including corruption and money laundering.
 - The company has a justified tax policy that is publicly available.
 - The company conducts due diligence for responsible business conduct based on recognised methods.
 - The company is transparent about material areas, goals and measures relating to its work on responsible business conduct.
-

Responsible business conduct entails acting in an ethically sound manner. It also entails identifying and managing the risks the company's operations pose to society, people and the environment. Such risk also affects the company's ability to deliver sustainable value creation. Companies with a state ownership interest attract great public interest. Responsible business conduct helps to increase confidence in and the legitimacy of the companies.

That a company leads the field in its work on responsible business conduct means, among other things, that the company identifies and manages important risk areas, including in the supply chain, for those affected by the company's operations. The work is supported by the board and incorporated into the company's goals, strategy and guidelines. Furthermore, the company follows internationally recognised guidelines, principles and conventions, such as the OECD Guidelines for Multinational Enterprises⁹ and the UN Guiding Principles on Business and Human Rights (UNGP).¹⁰ The work on responsible business conduct is adapted to the business, nature, risk exposure and size of the individual company.

The OECD Guidelines for Multinational Enterprises are the most comprehensive set of guide-

⁹ The OECD Guidelines for Multinational Enterprises (2011) on responsible business conduct reflect good practice for all companies, including national companies.

¹⁰ The UNGP, which were published in 2011, build on the Universal Declaration on Human Rights, the UN's International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, and the eight core ILO conventions.

Box 10.7 The UN Sustainable Development Goals



Figure 10.7

Source: UN.

Many companies use the UN Sustainable Development Goals (SDGs)¹ as a frame of reference in their work on sustainability and responsible business conduct.

The following five steps have been developed to make it easier to integrate the SDGs into the company's goals, performance indicators and target figures:²

1. Understand the SDGs and identify the opportunities they represent to the company.
2. Map the value chain to identify the company's impact on the environment and define priorities.
3. Define the scope of goals and select KPIs, set level of ambition and align the company's goal with the SDGs.

4. Anchoring sustainability goals in the business and embedding sustainability across all functions. Engage in partnerships across the value chain or with governments and civil society organisations.
5. Effective reporting on performance, and demonstrate transparency about successes and challenges.

¹ In 2015, the UN member states adopted 17 goals for sustainable development to be achieved by 2030.

² Global Reporting Initiative, United Nations Global Compact, World Business Council for Sustainable Development (2015): 'SDG Compass. The guide for business action on SDGs'.

lines for responsible business conduct and include considerations set out in the UNGP and the ILO Core Conventions.¹¹ The OECD guidelines and the UNGP are non-legally binding provisions that the Government expects all Norwegian compa-

nies to comply with. They set out standards for the work on respecting human rights and labour rights including assessing, preventing and dealing with violations, reducing negative impact on the climate and environment and preventing economic crime, including corruption and money laundering, both in the companies' own operations and in risk-exposed parts of the supply chain. There may also be other guidelines that are relevant to individual companies.

¹¹ The International Labour Organization (ILO) has four main areas: forced labour, freedom of organisation, and prohibition of the worst forms of child labour and racial discrimination.

Box 10.8 Tax

Corporate tax policy and tax behaviour is an area that is attracting increasing attention. Internationally recognised guidelines such as the OECD Guidelines for Multinational Enterprises and the OECD Principles of Corporate Governance¹ can provide guidance for the board when determining the company's tax policy. It follows from these guidelines that companies shall not only follow the wording of local tax law, but also the intentions of the law in all countries they operate in, and that the board shall take respon-

sibility for the company's tax policy. The principle underlying the OECD's BEPS project² – that tax shall be paid where value creation takes place – can also serve as guidance in relation to the company's tax policy.

¹ G20/OECD (2015): 'Principles of Corporate Governance'.

² Base Erosion and Profit Shifting (BEPS) is an OECD/G20 project to prevent undermining of the countries' tax base and ensure that revenues are taxed where the value creation takes place.

The SDGs are a global roadmap for sustainable development. Both governments and companies use them in their efforts to contribute to a more sustainable global development. Companies can use the SDGs to incorporate sustainability and responsible business conduct in their strategies.

A well-founded tax policy sets out the main principles on which the company's tax strategy is based and why, including the main principles underlying the company's tax reporting.

Due diligence for responsible business conduct is a method that companies can use to identify, manage, report and assess risk. It also entails having systems in place for remedying any adverse impact the company has on people, society and the environment. This requires the company to engage in meaningful stakeholder dialogue. The OECD has, in cooperation with businesses and organisations, developed guidelines¹² for how companies can conduct due diligence to align their practices with the OECD Guidelines for Multinational Enterprises and the UNGP. Compliance with the UNGP means that the company has declared that it will respect human rights, conduct due diligence and have a grievance and remedy mechanism. The six steps of such due diligence are described in Box 10.9.

Transparency about material issues relating to the company's work on responsible business conduct gives the outside world, owners, customers and other stakeholders information about how the

company manages material risks and its basis for future value creation. Transparency is essential in order for a company to be considered to lead the field in responsible business conduct.

10.6 Performance and risk management

The state expects that:

- The company measures value creation, goal attainment and the implementation of the strategy. The most important key performance indicators are reported to the owners.
- The company has an effective risk management system adapted to the company's operations, goals and strategy.

Good performance management leads the company in the right direction and contributes to strategy implementation and to better fact-based decisions. Performance management enables the owners, board and management to follow up the company's performance, goal attainment and measures.

Key performance indicators¹³ are defined for areas the company has identified as material and where the company has set goals. Good indicators measure value creation and goal attainment, are both financial and non-financial and are defined in areas the company can influence. The indicators are implemented throughout the organisation. Insight from the indicators are used to make fact-based

¹² OECD (2018): 'Due Diligence Guidance for Responsible Business Conduct'. The OECD has also prepared sector guides containing specific practical advice adapted to different industries.

¹³ Key performance indicators (KPI) refer to measurable quantities that can be linked to strategy implementation and goal attainment. Target figures are normally defined for most key performance indicators.

Box 10.9 OECD Due Diligence Guidance

One of the main principles in the OECD Guidelines for Multinational Enterprises is that companies shall contribute to sustainable development and, as part of this effort, shall conduct due diligence to prevent harm to people, society and the environment. The OECD Due Diligence Guidance for Responsible Business Conduct was published in 2018. The guide describes a method that companies can use to achieve responsible business conduct by identifying the risk of adverse impacts and harm caused by their own operations, in supply chains and by business associates, with regard to employees, human rights, the environment and corruption,

among other factors. Figure 10.8 shows the different steps in the due diligence process, in which organisational support and management systems play a central role. The method is about identifying and assessing any adverse impacts on people, society and the environment, and then giving priority to the most serious risks. The company shall cease, prevent or mitigate any adverse impacts/harm identified. Measures must be monitored to determine whether they lead to the desired result and be communicated to the affected parties. The company provides for remediation where appropriate.

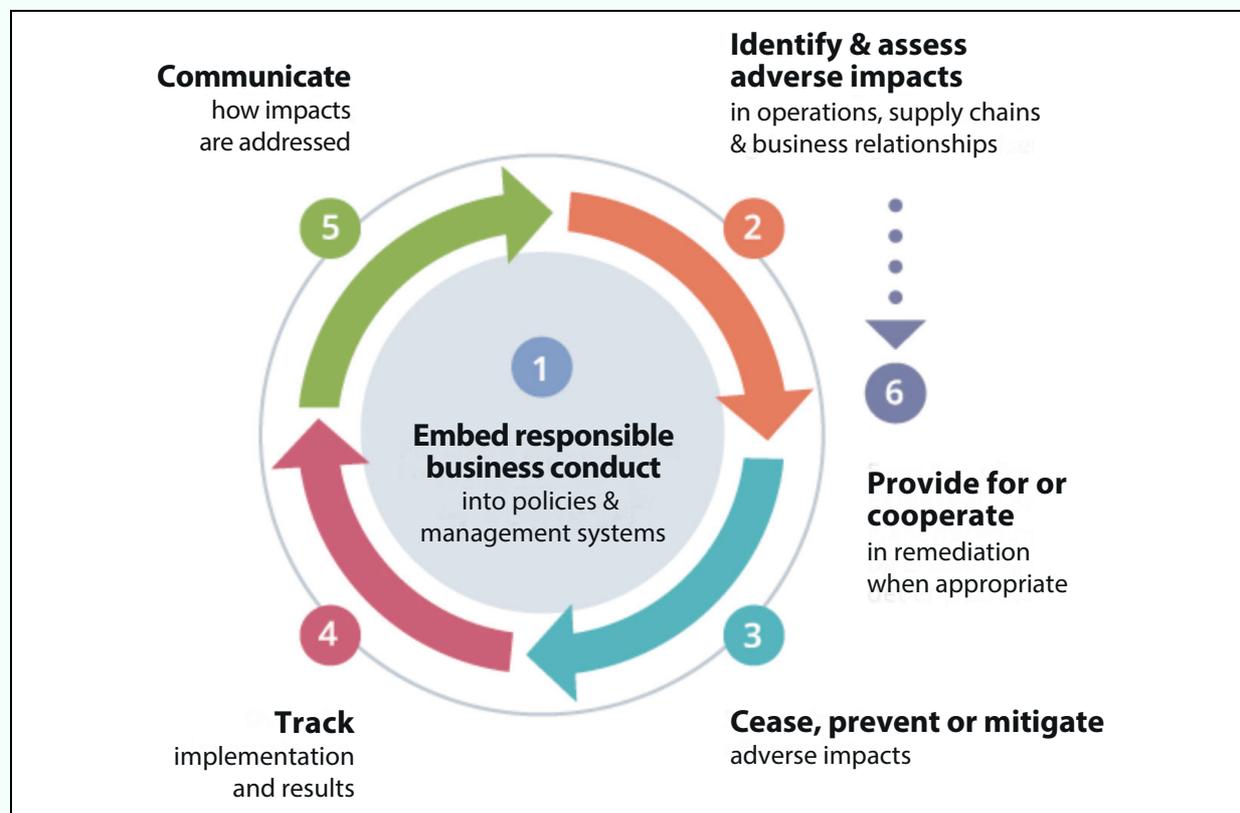


Figure 10.8 Steps in the due diligence process.

Source: OECD (2018): 'OECD Due Diligence Guidance for Responsible Business Conduct'.

decisions and to implement measures. The most important key performance indicators relating to the company's goals and strategy are reported through the organisation to the board and owners.

Risk management and internal control are tools for the board to supervise the management and contribute to increased goal attainment and

value creation. Many of the companies operate in complex environments where the risk situation and business models can change rapidly, and are large companies of great significance to the population. Identifying relevant risks, including risks that cannot be easily quantified, is essential.

A precondition for effective risk management is that risk assessments are incorporated into the company's strategy, core activities and decision-making processes. A good risk management system helps the company to identify, evaluate and report on risks and enables it to respond with strategic, operational and financial measures. It also includes crisis management. The purpose of risk management is to manage, not eliminate, risk.

10.7 The Norwegian Code of Practice for Corporate Governance

The state expects that:

- The company complies with the Norwegian Code of Practice for Corporate Governance where relevant, adapted to the company's operations.

The Norwegian Code of Practice for Corporate Governance is principally intended for companies whose shares are listed on regulated markets in Norway.¹⁴ The Code of Practice is also relevant for non-listed companies. Adherence to the Code of Practice shall be based on the 'comply or explain' principle. It follows from the Code that companies shall issue a comprehensive report on their corporate governance practices. The report shall be adapted to the company's operations.

The Norwegian Code of Practice for Corporate Governance covers the following areas:

1. Implementation and reporting on corporate governance.
2. Business.
3. Equity and dividends.
4. Equal treatment of shareholders and transactions with close associates.
5. Shares and negotiability.
6. General meetings.
7. Nomination committee.
8. Board of directors: composition and independence.
9. The work of the board of directors.
10. Risk management and internal control.
11. Remuneration of the board of directors.
12. Remuneration of executive personnel.
13. Information and communication.
14. Take-overs.
15. Auditor.

¹⁴ A more detailed description of the Code of Practice is provided in section 8.5.4 and on NCGB's website.

10.8 Organisation of the board's work

The state expects that:

- The board follows best practice for board work, adapted to the company's operations.

The state places emphasis on the board functioning well and contributing to the company's value creation in line with the state's goal of the highest possible return over time or the most efficient possible attainment of public policy goals.

A well-functioning board organises and prioritises its work and utilises the board's overall expertise so that it promotes value creation in the

Box 10.10 The board's evaluation of its own work

There is broad agreement, and it follows from the Norwegian Code of Practice for Corporate Governance, that the board should evaluate its performance and expertise annually. Good practice entails an evaluation of the board's composition, expertise and how its members function, both individually and as a group, in relation to the objectives set for the board's work. A good board evaluation includes assessments of the board's need for expertise seen in relation to the company's strategy, and the extent to which the board creates value for the company. Many boards regularly make use of external advisers to facilitate the evaluation.

A good evaluation is tailored to the board and its needs and defines a clear purpose for the evaluation. In order to review the board's effectiveness, the following areas will typically be reviewed:¹ 1) whether the board's mandate is clear to the board members, 2) whether the board's composition promotes effective decision-making and supports the company's strategy, 3) board members' commitment, preparation and attendance, including how the chair ensures sufficient debate, 4) the board's team dynamics, 5) how the board addresses its tasks, 6) whether the board receives quality information in a timely manner, and adequate support and training and 7) the role of the board committees and the committees' composition and reporting to the board.

¹ Korn Ferry (2018): 'High Performance Boards & Board Reviews'.

Box 10.11 Onboarding of newly elected board members¹

Good board practice involves ensuring that the company has an onboarding programme for newly elected board members. The programme is intended to give new board members insight into the company's business and strategy, and will be tailored to suit the individual board members' background. Through the onboarding programme, the company will typically, among other things, give new board members insight into official documents, provide an in-depth familiarisation with board documents, budgets and strategic plans, hold meetings with the management and, if relevant, arrange visits to the company's different locations.

¹ Spencer Stuart (2018): 'New Director Onboarding: 5 Recommendations for Enhancing Your Program'.

most efficient way and safeguards the board's supervisory tasks. It is a prerequisite that the board members are dedicated and put in a sufficient work effort.

Section 7.2 describes societal developments that have a bearing on the companies and thereby the boards' work. Good board work has changed over time from emphasising control and compliance to more strategic, performance-oriented work that supports, guides and challenges the company's management. At the same time, regulatory requirements have increased and entails an enhancement of the board's supervisory tasks. These changes place higher demands on the board's expertise and work, and require more time to be dedicated to the office of board member.

The chair of the board has a special responsibility for ensuring a well-functioning board. This includes structuring the board's work by setting the agenda and addressing relevant matters at the right level so that the board spends its time right. It also involves facilitating active discussions that make effective use of the board's overall expertise. Openness, trust and a constructive exchange of opinions are factors expected to have a positive impact on decision-making processes. The chair of the board is responsible for 'setting the tone' to achieve a board culture that fosters these values.

The cooperation between the owners, the board and the management influences the company's ability to create value. Good cooperation is characterised by trust, openness and information.

A well-functioning board sets clear expectations and is constructive in its dialogue with the management. It marks out a course for the company and serves as a resource and discussion partner for the management, at the same time as the board understands its role as a non-operative unit in the company. The chair of the board plays a special role in this work, and is the point of contact with the management.

10.9 Transparency and reporting

The state expects that:

- The company is transparent about and reports on material matters relating to the company's operations.

The state manages its ownership on behalf of the population. Giving the public insight into material matters relating to the company's business is necessary in order to build confidence in the company and the state as an owner. Transparency is essential to enable stakeholders to assess the company's activities, goal attainment and the risks the company poses to society, people and the environment. Transparency is also important to gain the public's trust that there is fair competition between companies with and without a state ownership interest. Moreover, transparency can provide easier access to capital.

Good corporate reporting and insight into the company's business are a prerequisite for good exercise of ownership. Access to relevant information at the right time makes it possible to evaluate many aspects, including the company's goal attainment, targets, strategy, performance, development, risk exposure and material elements of corporate governance, such as responsible business conduct and remuneration of senior executives. For the state, and other owners not represented on the board, good information and reporting from the company are decisive to be able to evaluate the company's business and goal attainment.

Good reporting provides insight into the company's ability to create value, either in the form of a return over time or efficient attainment of public policy goals, in the short and long term. This means starting with what is material to the company's value creation and to highlight links

between the company's goals, strategy and risks, and its financial and non-financial performance. The most important key performance indicators relating to the company's goals and strategy are reported through the organisation to the board and owners. Good reporting can also be a driver for better goal attainment.¹⁵

The content and scope of transparency and reporting, as well as the way it is communicated, will vary between companies depending on their business, risk exposure and size. Transparency can be achieved through periodic reporting in annual and interim reports, or through other channels such as websites.

The listed companies are subject to much more comprehensive requirements for disclosure than the non-listed companies. Being owned by the state, however, indicates that also the non-listed companies should maintain a high degree of transparency about material matters, not just in relation to their owners, but also the public. This means, among other things, that the companies publish interim reports and information about material company events and decisions, such as minutes of general meetings, unless special considerations indicate otherwise.

Since the state's ownership is managed on behalf of the Norwegian people, it is relevant for companies with a state ownership interest to publish material information that is included in the annual report in the Norwegian language, unless special considerations indicate otherwise.

In addition to the overarching expectation of transparency and reporting about material matters, the state has some specific expectations concerning transparency and reporting. This concerns reporting on goals and strategies (section 10.2), key performance indicators (section 10.6) and the Norwegian Code of Practice for Corporate Governance (section 10.7), as well as transparency about the company's capital structure and

dividend level (section 10.3), executive pay (section 10.4) and responsible business conduct (section 10.5).

About disclosure of information to the owner in particular

In principle, the state expects the companies to be open to the public about material matters. However, certain limitations may apply to what a company can and should disclose, for example when it comes to business-sensitive information.

Companies that are wholly owned by the state can choose to disclose more information to the owner than they make public, for example to allow the state to efficiently follow up the company and its goal attainment. The state normally engages in dialogue with the company about the content and frequency of reporting to the owner.

In companies that are partly owned by the state, the state as an owner will normally not have access to more information than other shareholders.¹⁶ However, the board may decide that the company shall exchange information with some large shareholders if the board considers that there are reasonable grounds for doing so based on the company's interests and the common interest of all shareholders. One example could be if a requirement for being able to conduct a transaction is that large owners vote in favour of it at the general meeting. Another example could be matters that are expected to attract a lot of media attention and where the company has a special need to inform some large owners.

See more details about the owner dialogue in section 12.3.

In cases where the state awards assignments to companies with a state ownership interest, the state can define separate reporting requirements through its other roles. This usually applies to companies in Category 3 and is often related to allocations.

¹⁵ See inter alia Black Sun Plc (2014): 'Realizing the benefits: The impact of Integrated Reporting', and the article by Moe-Helgesen E. (2018) in the 2017 State Ownership Report: 'Turn yourself inside out! Opportunities with better corporate reporting'.

¹⁶ The legal framework for disclosure is described in more detail in sections 7 and 8 of Knudsen, G. and Fagernæs, S. O. (2017).

Box 10.12 Corporate reporting

Good corporate reporting provides insight into the company's ability to create value (return or efficient attainment of public policy goals). The information is both retrospective and forward-looking, relevant, brief, balanced and comparable over time. It also includes information about why goals have not been attained and challenges the company is facing. Good reporting often entails reporting accounts in accordance with the international reporting standard IFRS and reporting on a quarterly basis. Moreover, material non-financial information is to the greatest extent integrated with other information and audited by an independent party.

For the companies that both perform assignments for the state (public policy tasks) and operate in competition with others, it is crucial to exercise transparency about expenses for and funding of assignments from the state so that the public can be certain that there are fair conditions of competition. Good practice involves transparency about the company's accounts for activities financed by the state and activities performed in competition with others, respectively.¹

Over the last few years, integrated reporting has received increasing attention. The purpose of integrated reporting is to provide better information about the company's ability to create value in the short, medium and long term. This involves disclosing information about all matters of relevance to value creation.

An integrated report answers the following questions:²

- *Organisational overview and external environment*: What does the organisation do and

what are the circumstances under which it operates?

- *Governance*: How does the organisation's governance structure support its ability to create value in the short, medium and long term?
- *Business model*: What is the organisation's business model?
- *Risks and opportunities*: What are the specific risks and opportunities that affect the organisation's ability to create value over the short, medium and long term, and how is the organisation dealing with them?
- *Strategy and resource allocation*: Where does the organisation want to go and how does it intend to get there?
- *Performance*: To what extent has the organisation achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?
- *Outlook*: What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?
- *Basis of presentation*: How does the organisation determine what matters to include in the integrated report and how are such matters quantified or evaluated?

¹ See OECD (2015): 'OECD Guidelines on Corporate Governance of State-Owned Enterprises'; see section 8.5.3. See also section 8.6 on the requirement for separate accounts under EEA law.

² The International Integrated Reporting Council (2013): 'The International Integrated Reporting Framework'.

11 The composition and remuneration of the board shall contribute to the attainment of the state's goal as an owner

One of the state's most important tasks as an owner is to contribute to composing competent and well-functioning boards of directors that meet the companies' needs and safeguard the interests of all shareholders. The state is not represented on the boards of directors.¹

Board members are elected by the general meeting in accordance with the main rule in company law, normally for a term of up to two years.² However, the composition of the board is assessed on a continuous basis, based on the company's performance and needs and the board members' contributions. Board members may therefore be replaced during the term of office.

In companies wholly owned by the state, the state nominates and elects board members at the general meeting.

Several companies partly owned by the state have established dedicated nomination committees elected by the general meeting in accordance with the Norwegian Code of Practice for Corporate Governance. The nomination committee arrangement is not regulated by law.³ The duties of the committee are to nominate candidates for election to the board and the nomination committee, or the corporate assembly, and to propose the remuneration to be paid to members of these bodies to the general meeting, or the corporate assembly.⁴ In accordance with the Norwegian Code of Practice, the members of the nomination committee should be selected to take into account

the common interests of all the shareholders. The state will normally propose that an employee from the ministry that administers the state's ownership of the company be elected to the committee.

In companies partly owned by the state that do not have a nomination committee, the state nominates candidates for the board in cooperation with the other shareholders.

11.1 Considerations relating to the composition of the board

Relevant expertise shall be the state's main consideration in its work on the composition of boards of directors. The state shall also emphasise capacity and diversity based on the distinctive nature of the company, see principle 7 of the state's principle for good corporate governance.

Expertise is the state's primary consideration when composing boards. Together, the board of each individual company should have the expertise required based on the company's business (object), industry, opportunities and challenges, and the state's goal as an owner.

Expertise is about relevant experience and background as well as personal qualities. When composing the board, the state will emphasise management experience, board experience, relevant industry experience with good results. The board should consist of members with a good understanding of the industry the company operates in and relevant management experience, enabling the board to support and challenge the company's management on strategic and other important priorities.⁵ Areas of expertise such as restructuring, digitalisation, economy and finance

¹ Or other governing bodies. See also section 8.5.1.

² In companies that have a corporate assembly, the assembly elects the members of the board, see the Public Limited Liability Companies Act Section 6-37(1) and the Limited Liability Companies Act Section 6-35(1) second sentence. This does not apply to state-owned limited liability companies, where the board is elected by the general meeting even if the company has a corporate assembly, see the Limited Liability Companies Act Section 20-4(1).

³ An exception is the Regulations relating to Financial Institutions and Financial Groups, which require a nomination committee to be established in financial institutions whose total assets under management have exceeded NOK 20 billion for more than twelve months.

⁴ The duties of the nomination committee are normally decided by the general meeting through the company's articles of association and the rules of procedure for the nomination committee, as approved by the general meeting.

⁵ For some companies, it can be challenging to find board members who have relevant experience from the industry without having connections that compromise their impartiality in general.

are normally also relevant.⁶ For the companies in Category 3 in particular, a good understanding of the state's goal as an owner and the state's different roles will also be relevant.

The board members should have personal qualities that enable them to work well in a collegiate body. As regards the chair of the board, good leadership skills will also be emphasised, such as the ability to facilitate open discussions based on trust.

Based on the expertise needed, the state will help to ensure that each board comprises a diverse range of relevant members based on the distinctive nature of the company. By diverse is meant that the board members represent different backgrounds and expertise, including as a result of different work experience, education, gender, age, geographical affiliation and cultural background. Diversity provides different perspectives and facilitates open, well-informed discussions that may, in turn, result in better decisions. This is based on experience indicating that diverse perspectives reduces the risk of group-think and that complex issues are best solved when considered from different perspectives.⁷ The state endeavours to achieve an as equal gender distribution as possible when selecting board members.⁸

Furthermore, the state emphasises individual candidates' capacity to contribute to the board and that they devote sufficient time to the office of board member. The candidates' other positions and offices shall be compatible with the time it is reasonable to expect them to spend on board work.

In accordance with the Norwegian Code of Practice for Corporate Governance, the composition of the board should ensure that it can operate independently of any special interests.

When board members stand for re-election, the state will consider each board member's contribution to the company's goal attainment and

his/her continued relevance, as explained in section 11.2.

11.2 The state's processes relating to board election/work of the nomination committee

All boards and board members are subject to an annual assessment, regardless of whether they are up for re-election. The purpose of the assessments is to determine whether the board and the board members' contribution to goal attainment, and whether the board's composition, work method (internally and with the management), expertise and effort indicate a need for changes. The size of the board is also considered. The assessment depends on the need for expertise, the size and complexity of the company, and the interest of maintaining the board as an effective decision-making body, among other things. In order to contribute to well-functioning boards over time, the state seeks to facilitate good succession processes (plan for replacement of board members) and continuity.

In companies wholly owned by the state, the state conducts interviews with all owner-appointed board members and the managing director of the company as part of the assessment process. The state also endeavours to conduct interviews with board members elected by and among the employees. The state endeavours to maintain a dialogue with the chair of the board during the work of considering possible changes to the board.

In companies that have a nomination committee, the committee is tasked with assessing the composition of the board and nominating candidates for the board, but the state carries out its own review in these cases. Through the nomination committees, where one of the members is normally an employee of the relevant ministry, the state seeks to contribute to ensuring that the nomination committee's work is in accordance with best practice and the Norwegian Code of Practice for Corporate Governance. It is crucial that the nomination committee has access to necessary expertise to be able to attend to the committee's tasks.

In companies partly owned by the state without a nomination committee, the above-mentioned processes will form the basis for the board election process as far as appropriate.

⁶ See also inter alia BCG (2016): 'How Nordic Boards Create Exceptional Value'.

⁷ Blackrock (2019): 'BlackRock Investment Stewardship's approach to engagement on board diversity'.

⁸ The boards of public limited liability companies, state-owned limited liability companies, state-owned enterprises and special legislation companies are subject to statutory requirements for gender representation, see section 8.3.3. As of 31 March 2019, the average gender distribution among owner-appointed/shareholder-elected board members in companies with a state ownership interest was 49 per cent women and 51 per cent men.

Box 11.1 Recruitment of board members

Some perspectives that may contribute to an efficient and successful recruitment process are provided below as inspiration for state employees involved in the election of board members and for nomination committees in companies where the state has an ownership interest.¹

1. Ensure rigour and independence in the board nomination process from the outset.
2. Keep main stakeholders informed.
3. The nomination committee makes the nomination decision. The CEO should be involved in the process.
4. Develop a board succession plan.
5. Keep informed about when board members intend to leave the board.
6. Conduct a gap analysis.
7. Be aware of how team dynamics facilitate (or hamper) board activities.

8. Maintain independence in the process by hiring external professional advisers.
9. Use board appointments to foster diversity on the board without losing sight of the skills needed.
10. Ask mission-critical questions during board candidate interviews.
11. Perform thorough reference checks.
12. Establish a structured, informative and tailored introduction programme.
13. Mentoring should be considered for new/first-time board members.
14. Evaluate feedback from outgoing board members.

¹ These perspectives are elaborated on in the article by Korn Ferry (2015): 'Beyond The Old Boys' Network'.

11.3 Considerations governing the remuneration of the board and other governing bodies

One of the state's most important tasks is to ensure capable, well-composed boards that contribute to goal attainment. The remuneration of the companies' governing bodies is decided by the owners at the general meeting,⁹ unlike the remuneration of senior executives, which is decided by the board and the managing director.

Having the right remuneration can be crucial in terms of attracting and retaining people with relevant and necessary expertise, and contribute to ensuring that board members devote sufficient time to their office.¹⁰ The state emphasises the following factors in its assessment of the board's remuneration:

- That the remuneration reflects the board's responsibility, expertise, time commitment and the complexity of the company's activities, in accordance with the Norwegian Code of Practice for Corporate Governance. Comparable Norwegian companies will normally be used as

a frame of reference when stipulating the remuneration.

- That the remuneration is at a moderate level. This means that the remuneration shall not be higher than what is necessary to ensure relevant expertise on the board, and that it should reflect the board's responsibilities and workload.

The work of the board is becoming increasingly complex and demanding in a rapidly changing world. Changes in the companies' framework conditions and regulations entail increased requirements of the boards' expertise and work. Making the right decisions is decisive to the company's development, while the consequences of wrong decisions can be catastrophic. In light of this, the state expects more of the boards than previously, especially with regard to their time commitment. The amount of time spent on board work has increased and will probably continue to do so going forward.¹¹

The state carries out a specific assessment of each company's remuneration of governing bodies before the general meeting, see the considerations described above:

⁹ Or by the corporate assembly, if applicable.

¹⁰ OECD (2015): 'OECD Guidelines on Corporate Governance of State-Owned Enterprises' Chapter II section F.7 specifies that a company's remuneration policy should foster the long-term interest of the enterprise and attract and motivate qualified candidates.

¹¹ This is evident from e.g. BCG (2019): 'Tidsbruk i styrer' ('Time spent on board work'), which concerns Norwegian listed companies.

- The state will normally propose, or, in companies with a nomination committee, endorse growth in line with the general wage growth in Norway in cases where the state considers the board's remuneration to be at the correct level. This is both to ensure moderation and to maintain an appropriate level over time.
- The state will only propose or endorse a bigger increase in remuneration if the level is considered to be too low to achieve the best possible composition of the board and seen in relation to an assessment of the board's responsibility, expertise, time commitment and the complexity of the company's activities. This means that an increase in remuneration that significantly exceeds general wage growth is only acceptable when it is necessary to contribute to ensuring that the remuneration is at the right level, especially to be able to attract the necessary expertise.
- The state will propose or endorse zero growth if the level of remuneration is deemed to be too high. There may also be cases where there are grounds for reducing the remuneration, for example if the company's scope of activities or complexity is materially reduced.

As described above, Norwegian companies will normally be used as the frame of reference in this assessment.

The state will emphasise a moderate level of remuneration. Since 2010, the Norwegian Institute of Directors has conducted board remuneration surveys of companies listed on Oslo Stock Exchange and companies with a state ownership interest. The 2018 survey shows that Equinor, Telenor, Yara International and Norsk Hydro, which are partly owned by the state and are among the biggest companies on Oslo Stock Exchange in terms of market value, are not among the companies that pay the highest remuneration to the chair or members of the board.¹²

The remuneration of the board should not be linked to the company's performance, see the Norwegian Code of Practice for Corporate Governance. An assessment of the board's remuneration that takes into account the factors described above can also lead to an increase in remunera-

tion, for example in companies with poor results and find themselves in challenging circumstances.

The chair of the board carries a particular responsibility for organising the work of the board,¹³ for maintaining a dialogue with the management and the shareholders and for devoting time to external representation of the company and other hospitality activities if relevant.¹⁴ The chair of the board's remuneration will reflect the scope of the duties that the office entails. Board members who are members of board committees may receive special compensation for this work. This will be decided on an individual basis. The state will normally vote in favour of such compensation. For some companies, it may be necessary to have people who live abroad as board members. In such case, the state will normally endorse supplementary pay as compensation for travel.

In recent years, Norwegian institutional investors have endorsed significant increases in remuneration in companies they invest in, in return for a portion of the increase to be invested in the company's shares. The justification for this is that owning shares leads to a commonality of interest between the board and the owner. The state encourages board members in listed companies to own shares in the company in line with the Norwegian Code of Practice for Corporate Governance, and may to this end endorse any proposals by the nomination committee/corporate assembly that require part of the board's remuneration to be invested in shares in the company.

The remuneration of other governing bodies, such as the corporate assembly and nomination committee, is decided based on the same considerations as the remuneration of the board.

¹² The Norwegian Institute of Directors (2018): 'Board Remuneration Survey – listed and state-owned companies'. The survey does not take into account any additional remuneration the board members may receive in exchange for work on board committees. The chair of the board of DNB receives remuneration as chair of the board of DNB Bank ASA in addition to what is stated in the survey.

¹³ See section 10.8 on the organisation of the board's work.

¹⁴ BCG (2019): 'Tidsbruk i styret' (Time spent on board work).

12 The state's follow-up of the companies shall contribute to the attainment of the state's goal as an owner

The state's goal as an owner governs how it exercises ownership. For companies in Categories 1 and 2, the goal is the highest possible return over time, and for the companies in Category 3, it is the most efficient possible attainment of public policy goals, see section 7.1.

12.1 The state shall be a responsible owner

It follows from the state's principles for good corporate governance that the exercise of ownership shall contribute to the attainment of the state's goal as an owner (Principle 3) and that the state shall be a responsible owner (Principle 1). Being a responsible owner entails promoting responsibility in the companies. This is reflected in the state's expectations of the companies as set out in Chapter 10.

The state's exercise of ownership is based on the division of roles and responsibilities set out in company law between the owner, the board and the general manager, and on generally recognised principles and standards for corporate governance (Principle 4). In addition, the state systematically follows up the companies and aims to be a predictable owner.

To be able to follow up a company in a good way, the state must have good insight into the company's activities and sufficient expertise and resources.

The state will endeavour to engage in dialogue with any co-owners where relevant.

12.2 Follow-up of the company and the state's expectations are based on materiality

The board is responsible for managing the company. The state assesses the company's goal attainment, its efforts regarding the state's expectations and the board's contribution in this context, see Principle 6. The state contributes to goal attainment by, among other things, holding the

board accountable for the company's performance.

In its follow-up of the company, the state will emphasise what is material to goal attainment and the areas where the state can best contribute to this in the short and long term. Assessments of the factors that have the greatest bearing on the company's development form the basis for the state's priorities when it comes to determining what is most important to follow up in each company. The most material follow-up points vary between companies and over time. Priorities are typically set on an annual basis as part of the state's planning of its follow-up of the company, and adjusted as needed.

12.3 The state engages in dialogue with the company – the authority as owner is exercised through the general meeting

The state's exercise of ownership is based on the division of roles and responsibilities between the owner, the board and the general manager set out in company law. The state's authority as owner is exercised through the general meeting, see Principle 5. This typically concerns approval of the annual accounts and possible annual reports, including the distribution of dividend, election of board members and determination of the board's remuneration, election of the auditor and approval of the auditor's fee, as well as the adoption of changes to the share capital and other amendments to the articles of association. The state as an owner does not have any authority in the company outside the general meeting.¹

This does not prevent the state from receiving information from and engaging in dialogue with the company other than through the general meeting, on a par with other shareholders. Such contact is required to give the owners the necessary insight

¹ See section 8.3.1. Other arrangements may apply to special legislation companies.

to be able to exercise ownership in a satisfactory manner and make expedient decisions at the general meeting. Dialogue based on confidence and trust is a prerequisite for good cooperation between the company and the owner.

The flow of information from a company to its owners can take place through different channels, for example official interim and annual reports and other publicly available information, the general meeting, and the company's reporting to and meetings with the owners.

The state holds regular meetings with each company. This and other contact with the company is referred to as the owner dialogue. Through the owner dialogue, the state can raise matters, ask questions and communicate points of view that the company can consider in relation to its activities and development. Such dialogue is intended as input to the company, not as instructions or orders. The board shall manage the company in accordance with the company's interest and the common interest of all shareholders, and must consider and make decisions on concrete matters. Matters that require the owners' support must be considered at the general meeting.

The owner dialogue in particular

The core of the state's owner dialogue with the company is usually regular meetings every quarter, as is customary between companies and large private owners. The meetings typically include a review of the company's development and prospects, various matters relating to the state's expectations and topics the state emphasises as owner, as well as specific issues. What is relevant and material topics to be discussed at the meetings depends on the state's goal as an owner and the company's activities and circumstances. This will vary between companies and over time.

It is up to the board to decide who represents the company in meetings with the shareholders.² To ensure a direct dialogue with the board, the state normally prefers that the chair of the board of the wholly owned companies attends the meetings on a regular basis, and that the chair of partly owned companies attends at least one meeting a year. Normally, the state also engages in dialogue with the chair outside of the regular meetings and holds an annual meeting with the whole board. If the board

does not attend the meetings, the state assumes the company's management to inform the board about the topics addressed in the owner dialogue.

The state places emphasis on the board members having a good understanding of the state's rationale for its ownership and the state's goal as an owner of the company, as well as the state's expectations of the board as set out in this white paper. The state therefore normally holds onboarding meetings with newly elected board members in companies wholly owned by the state.

In addition to the regular meetings, the state also engages in dialogue with the company about special topics or issues.

12.4 The state shall exercise its ownership in accordance with the principle of equal treatment of shareholders

It follows from Principle 8 that the state shall exercise its ownership in accordance with the principle of equal treatment of shareholders set out in company law. A company's ability to attract capital depends on the investors' confidence that other shareholders are not given unfair opportunities to promote their own interests at their expense. As a part-owner of several companies, it is crucial that the state contributes to equal treatment of shareholders.³

In principle, the state as an owner does not have access to more information than other shareholders, and the state cannot demand more information. However, the board may decide that the company shall exchange information with some large shareholders if the board considers that there are reasonable grounds for doing so based on the company's interests and the common interest of all shareholders, see section 10.9. The state shall not act wrongfully on the basis of information about the company that is not known to other shareholders.

12.5 Follow-up of the company is structured around different topics to contribute to attain the state's goal as an owner in a sustainable and responsible way

The state's follow-up of the companies is structured around the topics outlined in Figure 12.1. In

² See Section 13 of the Norwegian Code of Practice for Corporate Governance, which states that the board should establish guidelines for the company's contact with shareholders other than through the general meetings.

³ See more details about the principle of equal treatment of shareholders in section 8.3.4.

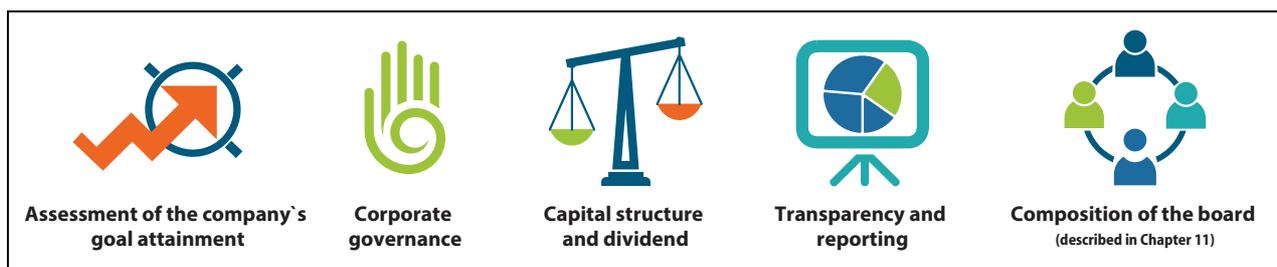


Figure 12.1 Topics emphasised in the state's follow-up of the companies.

companies partly owned by the state, the assessments and dialogue are normally based on information available to all shareholders, see section 10.9.

12.5.1 Assessment of the company's goal attainment

Follow-up of highest possible return over time

In companies in Categories 1 and 2, the state's goal as an owner is the highest possible return over time, within provisions of the companies' articles of association, see section 7.1.1. If companies in Category 3 also operate in competition with others, the state normally has a goal of the highest possible return over time for this part of the companies' activities, see section 7.1.2. This goal has been operationalised through a corresponding expectation of the companies, see section 10.1.

When the state assesses a company's return over time, the total shareholder return achieved (change in value and dividend) is normally compared with a calculated required rate of return,⁴ comparable companies and, if relevant, benchmark indices. Such assessments are carried out on a regular basis for companies in Categories 1 and 2, and for relevant activities in the companies in Category 3 if this part of their business is material. When the rate of return is not directly measurable in the stock market, the state seeks to use its own valuations, among other sources. Recognised methods are used to calculate return requirements and the value of the company. The total shareholder return and the company's outlook are discussed with the company's board and management.

⁴ The EEA Agreement sets limits for the stipulation of return requirements to avoid distortion of competition, see section 8.4.

Follow-up of most efficient possible attainment of public policy goals

In the companies in Category 3, the state's goal as an owner is the most efficient possible attainment of public policy goals, see section 7.1.2. This goal has been operationalised through a corresponding expectation of the companies, see section 10.1.

Since the state's public policy goals vary between the companies, the way goal attainment is evaluated must be adapted to the individual company. In line with the state's goal as an owner, the state imposes restrictions on the companies' activities, primarily through the articles of association.⁵ In order to achieve this, the articles of association for companies in Category 3 often impose greater and more specific restrictions on the companies' activities than is normally the case for most of the companies in Categories 1 and 2. Within the framework of these restrictions, however, it is important that the companies are given adequate freedom of action and sufficient predictability to be able to attain the state's goal as efficiently as possible. The state engages in dialogue with each company about how the state's goal should be understood and how the company operationalises and measures goal attainment, see Figure 12.3.

The company's goal attainment and efficiency are assessed on the basis of, among other things, the reporting from and the owner dialogue with the company. It may be relevant in this context to look at comparable enterprises, the company's development over time and other evaluations of the business. The results achieved and the company's outlook are discussed with the company's board and management.

Several of the companies in Category 3 are wholly or partly financed via the national budget or through regulated revenues, and some of the

⁵ A company's activities can also be restricted through special legislation.

companies are subject to special legislation. The state will therefore often follow up the company's goal attainment in other ways than as owner, for example as a principal, contract party and regulatory and/or supervisory authority. The follow-up exercised through other roles can therefore partly replace or come in addition to the state's follow-up as owner.⁶ The state shall be conscious of its different roles and make it clear to the company at all times in which capacity it is acting.

12.5.2 Corporate governance

Corporate governance means how and on which basis decisions are made in a company. The state has expectations of the companies' corporate governance, see Chapter 10. The expectations are related to the company's goals and strategy, resources and organisation, incentives, responsible business conduct, and performance and risk management, see Figure 12.2. The state also expects the companies to comply with the Norwegian Code of Practice for Corporate Governance where relevant, adapted to the company's activities.

The board and the management are responsible for the company's corporate governance. As a responsible owner, the state endeavours to understand how different aspects of a company's corporate governance contribute to sustainable goal attainment. Topics and expectations relating to corporate governance are included in the owner dialogue based on their materiality to goal attainment.

Insight into the company's agenda for sustainable value creation, including the company's goals and drivers of goal attainment, are a good starting point for the owner dialogue. The purpose of this dialogue is to create a shared understanding between the board and the owner about material opportunities and risks to the company's value creation and the state's goal attainment.

It is also essential in the dialogue to follow up the company's strategy and factors for efficient implementation of the strategy, such as resources and organisation, including the company's work on diversity and gender balance, incentives and responsible business conduct. It is also crucial to follow up developments in the company's financial and non-financial results. The state assesses the company's goals, key performance indicators and target figures,⁷ and challenges the company on whether they are relevant and expedient.

⁶ See more details about the state's follow-up in other roles in section 8.6.

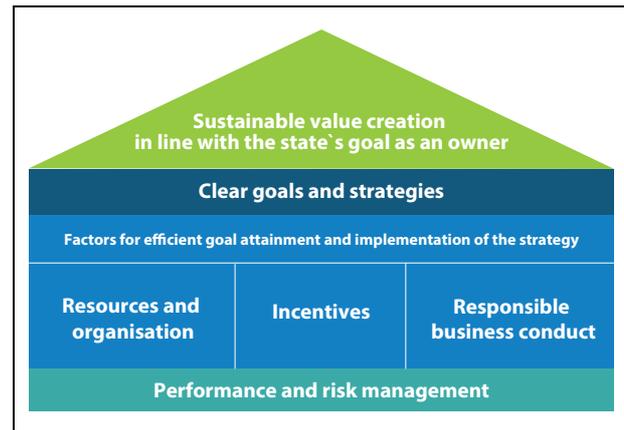


Figure 12.2 Areas of expectation relating to corporate governance.

In addition to assessing the company's corporate governance in relation to the state's expectations, it may be relevant to take good practices, comparable companies and enterprises or development over time into consideration.

12.5.3 Capital structure and dividend

An appropriate capital structure⁸ promotes the company's value development or efficient attainment of public policy goals. The board is responsible for the company's capital structure, but decisions made at the general meeting concerning dividend and capital adjustments will affect the capital structure. When proposals that will have an impact on the capital structure are put to the vote at the general meeting, the state will emphasise whether the proposal promotes efficient goal attainment. In this assessment, it is relevant to consider, among other things, the company's goal attainment, business, opportunities and risks going forward, any comparable companies and whether the company's utilisation of capital is efficient.

If a company's capital structure is considered inexpedient in relation to the state's goal, the capital structure should be adjusted through, for example, the distribution of dividend or capital contributions.

⁷ For some of the companies in Category 3, it will not be expedient to define target figures for all key performance indicators.

⁸ By capital structure is meant the composition of sources of capital financing the company's assets. The two most common sources of capital are equity, either infused by the owners or earned by the company, and external financing such as loans.

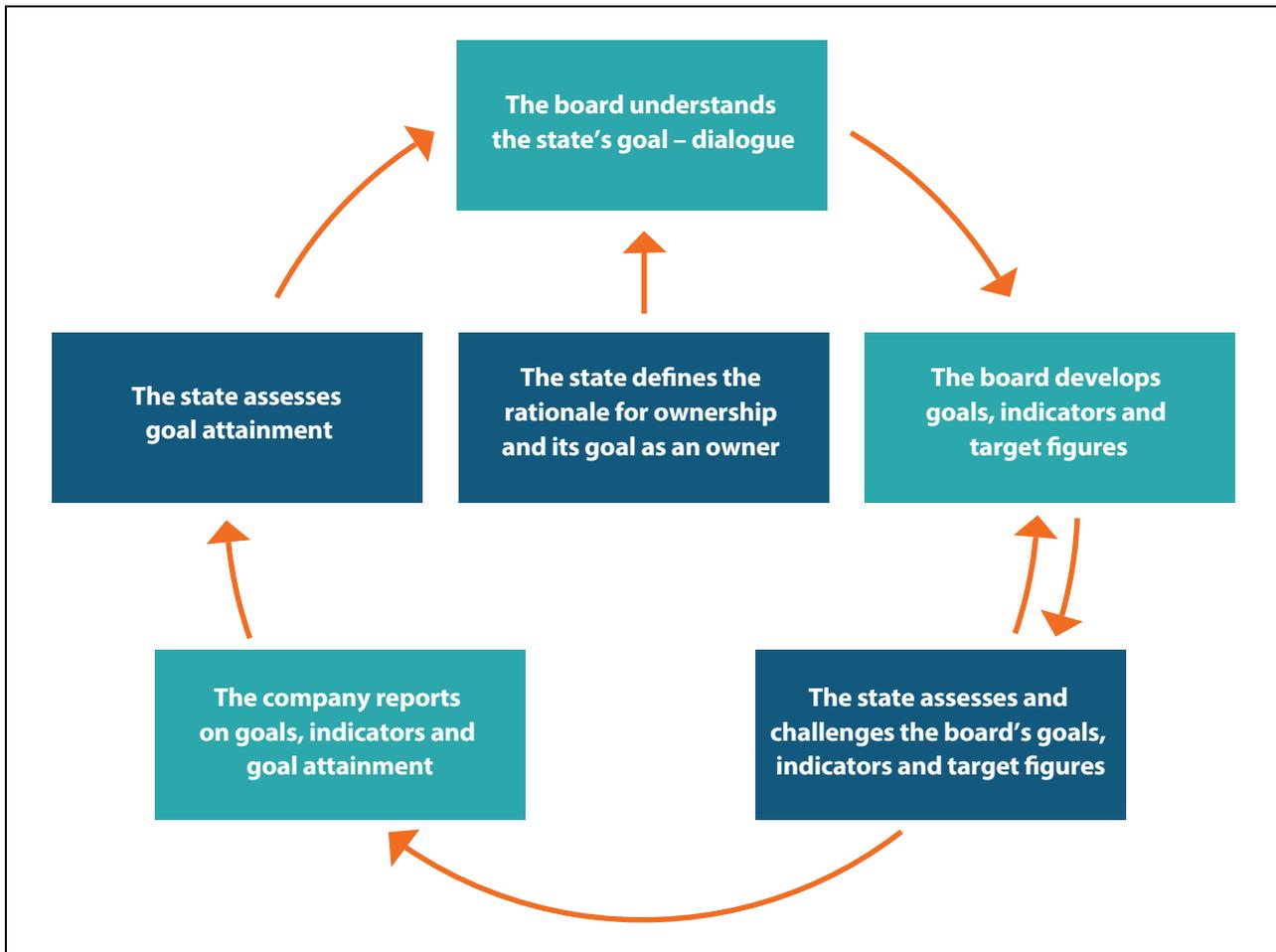


Figure 12.3 Good practice for dialogue on goals, indicators and target figures in wholly owned companies.

Several of the companies in Category 3 are subject to restrictions on the possibility of obtaining borrowings. This may be particularly relevant if the company is financed via the national budget or through regulated revenues.⁹ Debt in companies that are not financed on market terms can lead to undesirable risk exposure for the state. It can also result in more funds being spent on an activity than the state desires. Any restrictions on borrowing set by the owner shall be reflected in the company's articles of association.

Dividend expectations and decisions

Dividend from a company provides the owner with a continuous direct return (relevant for the companies in Categories 1 and 2, and some of the companies in Category 3), and is a way of adjusting the company's capital structure (relevant for all companies). The board is responsible for pro-

posing the allocation of the company's annual result, including how much, if anything, should be distributed as dividend.

The state communicates both long-term and annual dividend expectations to the companies in Categories 1 and 2, and to companies in Category 3 where relevant. Long-term expectations usually apply to a period of three to five years, and should contribute to predictability for the company. Annual expectations are adjusted to the company's current situation and capitalisation.

The state's expectations of and decisions concerning dividend shall contribute to the attainment of the state's goal as an owner. Dividend expectations are determined based on, among other things, the state's assessment of the company's capital structure, earnings outlook, investment needs and opportunities, and how dividend contributes to goal attainment.¹⁰ The state engages in dialogue with the company about this

⁹ See Figure 8.1, which shows which companies have long-term debt.

¹⁰ Here, as in all other areas, assessments of listed companies are normally based on publicly available information.

and annually communicates its dividend expectations to the board, before the board presents its dividend proposal to the general meeting.

A resolution on the distribution of dividend is adopted by the general meeting following a proposal by the board for such distribution or other allocation of the profit. As a general rule, the general meeting may not adopt a resolution to distribute dividend exceeding the amount proposed by the board. There is an exemption provision¹¹ in company law, however, stating that the general meeting of state-owned limited liability companies and state enterprises is not bound by the board's proposal for the distribution of dividend. For all the companies, the state will define expectations and make decisions on dividend in line with what is described above.

Dividends to the state are recognised as revenue in the national budget. When the national budget is presented in autumn, the companies' annual accounts, relevant market conditions and other material circumstances that form part of the basis for the board and owners' assessment of dividend towards the general meeting the following year are to a large extent not available. The state's dividend estimates are therefore highly uncertain. An updated estimate is presented to the Storting in amending propositions the following year. For the listed companies, it is budgeted with the same dividend distribution per share as the previous year. Decisions to distribute dividend are made by the general meeting based on the board's proposal.

For companies in Category 3 that are financed via the national budget or have regulated revenues, annual dividends are often not expedient, but may nonetheless be used to adjust the companies' capital structure. Several of the companies in Category 3 have activities that operate in competition with others or receive other revenues from which it is natural to pay dividend.

12.5.4 Transparency and reporting

The state expects the companies to be transparent about and report on material matters relating to their activities, see section 10.9.

The state assesses each company's transparency and reporting in relation to its expectations and approves the company's annual report and accounts at the general meeting.

Good corporate reporting provides insight into the company's activities and is a prerequisite for good exercise of ownership. Access to relevant information at the right time makes it possible to evaluate many aspects, including the company's goals, strategy, performance, development, material elements of corporate governance and risk exposure.

The state engages in dialogue with the company about the content of the regular reporting to the owners and the general public. The purpose is to ensure that the reporting provides sufficient insight to be able to assess goal attainment and exercise ownership effectively, including that it covers relevant goals and indicators.

12.6 Follow-up in the event of poor goal attainment over time or significant deviations from the state's expectations

In the event of poor goal attainment over time or significant deviations from the state's expectations, the state will consider how this should be followed up.

The first step is to discuss the reasons for the situation and possible ways of improving it with the company. It may be expedient for the company or owner to carry out special analyses. It will usually be natural to follow up the company's plans for improving its performance with the board and management as part of the owner dialogue.

If the dialogue is unsuccessful, the state can exert influence through decisions at the general meeting. This applies in the event of both poor goal attainment over time and significant deviations from the state's expectations. Whether the state should exert influence through decisions at the general meeting and, if so, in what way, will vary depending on, among other things, the company's situation and the reasons for the poor goal attainment or deviation from expectations.

The state can provide an explanation of vote, orally or in writing. Regarding the remuneration of senior executives, for example, the state will consider the board's guidelines for the fixing of salaries and other remuneration of senior executives in connection with the general meeting. The state will consider providing an explanation of vote if there is a need to clarify the state's stance on a subject, for example in the event of lack of transparency.

In the event of poor goal attainment over time or significant deviations from expectations with-

¹¹ The Limited Liability Companies Act Section 20-4(4) and the Act relating to state-owned enterprises Section 17.

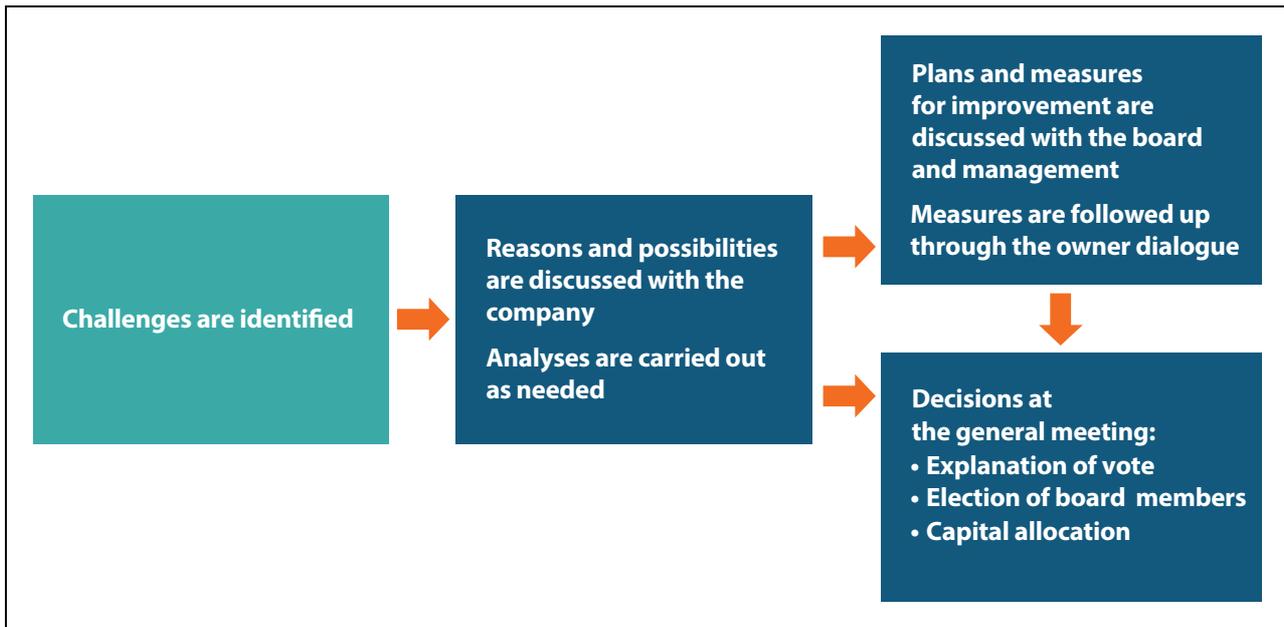


Figure 12.4 Follow-up in the event of poor goal attainment or significant deviations from the state's expectations.

out the company implementing successful improvement, it is natural that the board considers the need for adaptation or changes in the company. The situation and how the board deals with it will form the basis for the state's assessments of the composition of the board.¹²

The company's goal attainment will also influence the state's voting on other matters considered at the general meeting, for example capital infusion and dividend.

12.7 The state takes a positive view of transactions aimed at contributing to the attainment of the state's goals as an owner

In general, the state takes a positive view of a company's strategic initiatives and transactions that can be expected to contribute to the attainment of the state's goal as an owner. The state shall act in a way that helps the company to exploit good business opportunities, and the state will therefore consider any initiatives presented by the company. The state shall act in line with market practice in its dialogue about and, if applicable, participation in capital increases or other transactions.

Transactions can also be a way of reducing the state's ownership interest in companies where

this is relevant, see section 5.2. This is particularly relevant for companies in Category 1, where the state no longer has any rationale for its ownership. The state normally engages in dialogue with the boards of non-listed companies in Category 1 about the best ownership structure and timing for possible reductions of the state's ownership interest. It may also be relevant to reduce the state's ownership interest in other companies, for example if the state's rationale for the ownership no longer applies or can be sufficiently fulfilled with a smaller ownership interest.

12.8 Fair competition and distinguishing between the state's different roles

The state has several roles, for example as supervisory and regulatory authority, principal and owner. Among other things, the state adopts laws and regulations, stipulates fees and charges, awards licences and grants, purchases services, carries out supervisory activities and makes decisions in individual cases. To create legitimacy in its different roles, the state should be aware of which capacity it is acting in at all times, and, in its actions, clearly distinguish its role as owner from the state's other roles, see Principle 9. Considerations that are not justified by the state's goal as an owner shall be addressed by other means than state ownership.

¹² See section 11.2 on the election of board members.

State ownership shall not give companies with a state ownership interest undue competitive advantages or disadvantages compared with companies in which the state does not have an ownership interest, see Principle 10. The state shall not abuse the power and influence it exerts through its other roles to promote its interests as owner. Companies with a state ownership interest shall deal with regulatory authorities and supervisory activities in the same way as companies without a state ownership interest. Nor shall the state make political decisions or exercise authority in ways that give companies with a state ownership interest undue advantages or disadvantages relative to privately owned companies.

12.9 Organisation of the state's ownership management

Responsibility for managing the state's direct ownership is currently divided between 12 different ministries.¹³ Regardless of whether the state's role as owner and official authority is exercised by the same or different ministries, the state's role as owner shall be distinct from its other roles. Over time, several ministries have delegated different roles to different departments or otherwise organised its follow-up of the companies in a way that the ministry's is clear about the separation of the different roles it exercises.

The role of the central ownership unit

The central ownership unit – the Ownership Department in the Ministry of Trade, Industry and Fisheries – serves as a resource centre and a centre of expertise for the state's direct ownership, both in relation to other ministries and internally within the Ministry of Trade, Industry and Fisheries. This entails coordinating the ministries' board election work, assisting other ministries and departments as needed, organising competence-raising seminars and meetings, and helping to spread good practices. The latter includes developing methods and guidelines for ownership topics described in section 12.5. Furthermore, the central ownership unit is involved in processes that can lead to changes in the state's ownership interest in a company. The measures above shall

¹³ See Figure 4.3.

contribute to as professional and consistent exercise of ownership as possible across ministries.

In addition, the central ownership unit seeks to spread good practices among the companies, and participates in different forums to foster good standards for corporate governance, and other tasks relating to state ownership. This includes participating in the OECD's Working Party on State Ownership and Privatisation Practices, and the Norwegian Institutional Investor Forum.¹⁴

The state's ownership interests in the companies in Categories 1 and 2 are mainly managed by the central ownership unit

The state's ownership interests in companies in Categories 1 and 2 are managed by the ownership unit unless special considerations indicate a different solution. Centralised management of the state's ownership interests in companies that primarily operate in competition with others helps to distinguish the state's role as owner from its other roles, and to bolster confidence in the state's exercise of ownership and other roles. Such centralised management also helps to raise the level of professionalism and efficiency in the state's exercise of ownership. This is in line with the OECD's recommendation for how the exercise of state ownership should be organised. A further centralisation of the responsibility for managing the state's ownership interests in the companies in Categories 1 and 2 is considered on a regular basis.

The state's ownership interests in the companies in Category 3 are mainly managed by the relevant sector ministry

The state's ownership interests in companies in Category 3 are currently managed by the relevant sector ministry, unless special considerations indicate a different solution. This enables a better overall assessment of the policy for each sector. This type of organisation requires internal procedures to avoid an unfortunate mixing of roles. It can also affect the state's follow-up as owner, see section 8.6.

¹⁴ The Institutional Investor Forum is a dialogue forum comprising a number of Norwegian investment managers that raise and discuss issues relating to ownership. The forum is also represented on the Norwegian Corporate Governance Board (NCGB).

Box 12.1 Good practice for managing the role as owner and other roles in one and the same ministry

- A high level of awareness of the state's responsibilities, tasks, decision-making authority and freedom of action in the different roles. This can be formulated for each role, for example in the form of an annual plan, and be communicated to the company to promote a shared understanding of the state's different roles.
- Regular overall assessments of the state's different roles. The state's management and follow-up in its different roles should be logical and suitable seen as a whole. There should be as little overlap as possible between the different roles, and the exercise of each role should be in accordance with good practice. Overall, the use of roles should give the company sufficient freedom of action and predictability to be able to attain the state's goal as an owner in the most efficient way possible. The company should have an opportunity to provide input to the above-mentioned assessments.
- A clear organisational division between the role as owner and other roles, for example by assigning the roles to different sections or departments. If the role as owner and other roles are filled by the same section or department, high awareness of the state's responsibilities, tasks, decision-making authority and freedom of action in the different roles is essential.
- A clear distinction between the role as owner and other roles in relation to the company. Where relevant, a meeting schedule can be devised for each role to ensure that the company concerned always knows in which capacity the ministry is acting at any given time. The ministry's role should normally also be clear in communication with the company. In the same way, the company should clearly express which of the ministry's roles different enquiries and input are addressed to.

13 The state shall demonstrate transparency about its ownership and exercise of ownership¹

As owner, the state manages substantial assets on behalf of society as a whole. Transparency is decisive in order to give the general public, co-owners and potential new shareholders, competitors, lenders and others insight into how the state exercises its ownership, among other things to be able to evaluate the state as an owner and determine whether there is a level playing field between companies with and without a state ownership interest. Transparency creates predictability and is important if the general public is to trust that these assets are managed in a good way. Democratic considerations are thereby safeguarded. As a result of the Norwegian state's extensive ownership, transparency is also important if investors are to trust the Norwegian capital market.

Since 2002, a white paper on the state's overall direct ownership has been submitted to the Storting in each parliamentary session. In the white paper, the Government describes *why* the state has direct ownership interests in companies, *what* the state owns, including the state's rationale for its ownership and the state's goal as an owner of each company. The white paper also describes *how* the state exercises its ownership, including the state's principles for good corporate governance and the state's expectations of the companies.

In the State Ownership Report, the Ministry of Trade, Industry and Fisheries, in cooperation with other ministries, provides an overview and a

description of the state's direct ownership in the preceding year.

The Government's website contains updated, relevant information about the state's ownership, including a collection of relevant publications and news. The ministries also reports on several companies to the Storting, particularly relating to, for example, allocations granted for follow-up of public policy tasks.

At the general meeting, the shareholders exercise supreme authority in the company. This is the forum where the state exercises its authority as owner. Minutes of the companies' general meetings are made publicly available, which provides transparency about decisions the state has voted on.

The state shall be a professional, responsible owner. This means that there are aspects of the exercise of ownership the state cannot be transparent about. In connection with the state's dialogue with the company, topics may be discussed and the state may receive documents that are business-sensitive or for other reasons should be exempt from public disclosure.² A confidential dialogue with the company is important for the state to enable the state to properly manage its ownership interests.

The state expects the company to be transparent about and report on material matters relating to their activities, see section 10.9.

¹ See Principle 2 for good corporate governance. See also OECD (2015): 'OECD Guidelines on Corporate Governance of State-Owned Enterprises' for guidance on good practices for transparency about state ownership.

² See the Act relating to the right of access to documents held by public authorities and public undertakings (the Freedom of Information Act).

14 Financial and administrative consequences

Using state ownership when it is the most effective way of achieving the state's intentions, defining expedient goals as owner in each company and following up ownership in a good way will contribute to better goal attainment for the state in the form of value creation and efficient utilisation of the state's resources.

The day-to-day management of the state's ownership is covered within the budget in force.

The Government can be authorised to reduce the state's ownership interest in individual compa-

nies. A reduction through the sale of shares will entail changes in the state's investment of wealth.

The Ministry of Trade, Industry and Fisheries

r e c o m m e n d s :

That the Ministry of Trade, Industry and Fisheries' Recommendation of 22 November 2019, The State's direct ownership of companies – Sustainable value creation, be submitted to the Storting.

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with page references**

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