

## Norwegian Public Limited Liability Companies Act (*allmennaksjeloven*)

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### Chapter 6. Company management (Sections 6-1 - 6-43)

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## Chapter 6. Company management

### I: Requirements of board of directors and general manager. Election of board of directors, term of service etc.

#### Section 6-1. *Board of directors*

(1) The company shall have a board of directors comprising at least three members. Companies which have a corporate assembly shall have a board comprising at least five members.

(2) The board of directors elects its own chairman if that chairman is not elected by the general meeting. However, see Section 6-37. The board of directors shall always elect its chairman if it has been agreed that the company shall not have a corporate assembly, see Section 6-35 (2).

(3) The general manager may not be a member of the board of directors.

0 Amended by law no. 33 of 25 June 2010, which entered into force on 1 July 2010 following decree no. 980 of 25 June 2010.

#### Section 6-2. *General manager*

(1) The company shall have a general manager.

(2) The general manager is appointed by the board of directors. However, in the articles of association the authority of the board of directors may be vested in the corporate assembly, or in the general meeting if the company does not have a corporate assembly. If it has been agreed that the company will not have a corporate assembly, see the second paragraph of Section 6-35, the board of directors shall elect the general manager

#### Section 6-3. *Election of members of the board of directors*

(1) Members of the board are elected by the general meeting, which also decides whether to elect any deputy directors.

(2) The first paragraph does not apply to board members who are to be elected by the employees in the company under Section 6-4, or who are to be elected by the corporate assembly under Section 6-37.

(3) The articles of association may provide that the general meeting's right of election pursuant to paragraph one shall be transferred to others. However, more than half the board members shall be elected by the general meeting unless the right to elect is assigned to a corporate body stipulated in the articles of association. The right of election may not be transferred to the board of directors or to a member of the board of directors.

0 Amended by law no. 46 of 26 June 1998.

#### **Section 6-4. *Employees' right to elect members of the board of directors***

(1) When a company with more than 30 employees has not established a corporate assembly (see Section 6-35), a majority of the employees may require that one member of the board of directors and one observer, with deputies, be elected by and from amongst the employees.

(2) When a company with more than 50 employees has not established a corporate assembly (see Section 6-35), a majority of the employees may require that up to one third and at least two members of the board of directors, with deputies, be elected by and from amongst the employees.

(3) When a company has more than 200 employees and it has been agreed that the company will not have a corporate assembly (see Section 6-35, paragraph two), the employees shall elect one member of the board of directors with a deputy, or two observers with deputies in addition to the representation following from the second paragraph.

(4) The King may issue regulations on the calculation of the number of employees, including the use of averages. The King may also issue regulations on the election, including the conditions of voting rights and eligibility, the method of election and the settlement of election disputes, including the disappearance of the post of director. The King may make exceptions from the provisions of the first, second and third paragraphs.

0 Amended by law no. 59 of 2 July 1999, which entered into force on 1 August 1999 following decree no. 75 of 2 July 1999.

#### **Section 6-5. *Employees' right to elect members of the board of directors in company groups***

(1) When a company belongs to a group of companies, a written agreement may be concluded between the group of companies and the majority of its employees, or between the group of companies and one or more of local unions representing a majority of the employees in the group of companies, determining that in application of Section 6-4 the employees of the group of companies shall be considered to be employed by the company.

(2) When a company belongs to a group of companies, and no agreement of the type mentioned in the first paragraph is concluded, following an application from the group of companies, a majority of its employees or from one or more of the local unions representing a majority of the employees in the group of companies, the King may determine that in application of Section 6-4 the employees of the companies shall be considered to be employed by the company.

(3) The first and second paragraphs shall similarly apply when a company belongs to a group of enterprises that are connected through ownership interests or joint management.

(4) The King may decide that this section shall apply to parts of a group of companies or such a group of enterprises.

0 Amended by law no. 25 of 20 June 2014, which entered into force on 1 July 2014.

### **Section 6-37. *Tasks of the corporate assembly***

(1) It pertains to the corporate assembly to elect the members and chairman of the board of directors. One-third of the corporate assembly members may demand the election of new members of the board of directors and require the election of members of the board of directors to be organised as proportional elections. Up to one-third and at least two of the board members with deputies shall be elected from among the company's employees if so demanded by one-third of the members of the corporate assembly. Half of the members who are elected by and from among the employees may demand that the board members be elected separately by the respective groups of shareholder-elected and employee-elected members. In exceptional circumstances, the King may grant an exception from the provisions of this paragraph on a case-by-case basis. The King may also issue supplementary rules regarding the election of members of the board of directors.

(2) The corporate assembly shall oversee the administration of the company by the board of directors and general manager. At meetings of the corporate assembly, each of the members and observers may demand information on the company's affairs to the extent that they deem necessary. The corporate assembly may carry out investigations on its own or through a committee.

(3) The corporate assembly shall issue a statement to the general meeting on whether the board of directors' proposed income statement and balance sheet, and if applicable also the consolidated income statement and balance sheet, should be adopted, and on the board of directors' proposed use of profits or coverage of losses. The board of directors' proposal and the auditor's report shall be sent to the members of the corporate assembly at the latest one week before the proposal is to be considered. The corporate assembly may also issue a statement to the general meeting regarding the board of directors' declaration on the fixing of salaries and other remuneration to senior executives pursuant to Section 6-16a. The second sentence shall similarly apply to the declaration.

(4) At the proposal of the board of directors, the corporate assembly adopts resolutions on matters concerning:

1. Investments of considerable size relative to the company's resources;
2. Streamlining measures or operational adjustments that will entail major changes or a reallocation of the labour force.

If it is agreed that a the company will not have a corporate assembly, the board of directors shall adopt the resolutions mentioned in the preceding paragraph, see paragraph five of Section 6-12. The articles of association may moreover stipulate that certain transactions which do not pertain to the day-to-day management shall be subject to the consent of the corporate assembly. The King may issue regulations further defining the powers of the corporate assembly pursuant to the first point and concerning the proceedings of corporate assembly meetings.

(5) The corporate assembly may adopt recommendations to the board of directors on any issues whatsoever.

(6) No other functions may be vested in the corporate assembly unless specifically authorised by statute.

0 Amended by law 88 of 15 December 2006, which entered into force on 1 January 2007 following decree no. 1432 of 15 December 2006.

