

# **Proposal from the Nomination Committee to the Board of Representatives in Protector Forsikring ASA for the meeting of the Board of Representatives 30 April 2014**

## **The mandate to and composition of the Board of Representatives**

The mandate of the Nomination Committee is regulated in the Company's articles of association § 2-11 which state:

"The Company shall have a Nomination Committee consisting of a chairman and two members elected by the shareholders at the General Meeting. The election period is two years, unless a shorter period has been decided by the General Meeting. The members of the Committee can be re-elected and serve as a member of the Committee for a continuous period of up to 6 years."

A majority of the members of the Committee shall be independent of the Board of Directors and the management of the Company. The CEO and other members of the management of the Company cannot be members of the Committee. However, the Chairman of the Board of Directors and the CEO shall at least annually be invited to attend the meeting of the Committee. Sections 6-7, 6-8 and 6-27 of the Public Companies Act apply correspondingly in relation to the members of the Committee.

The Nomination Committee shall make recommendations to the Board of Representatives on the following matters:

- the election of a chairman and a deputy chairman of the Board of Representatives
- the election of shareholder-elected members and deputy members, as necessary, to the Board of Directors
- the election of the Chairman of the Board of Directors and a deputy chairman
- remuneration of the members of the Board of Directors

The Nomination Committee shall make recommendations to the General Meeting on the following matters:

- the election of members and deputy members to the Board of Representatives
- the election of a chairman and members to the Control Committee, the Nomination Committee as well as deputy members when it is required
- remuneration to the members of the Control Committee, the Nomination Committee and the Board of Representatives

The Nomination Committee must give reasons for their recommendations.

The Nomination Committee shall operate in accordance with the Norwegian Code of Practice for Corporate Governance.

The General Meeting can set out further guidelines for the work of the Nomination Committee."

In order to have flexibility with regards to how long a member can serve as a member of the Nomination Committee, the Board of Directors proposes for the General Meeting to change the Company's articles of association § 2-11, first paragraph in the following way:

"The Company shall have a Nomination Committee consisting of a chairman and two members elected by the shareholders at the General Meeting. The election period is two years, unless a shorter period has been decided by the General Meeting. The members of the Committee can be re-elected."

The Nomination Committee in Protector Forsikring has the following composition:

- Truls Holthe, chairman
- Nils Petter Hollekim
- Per Ottar Skaaret

**In connection with the meeting in the Board of Representatives on Wednesday, 30 April 2014, the Nomination Committee submits the following proposals:**

### **1) Election of a chairman and deputy chairman to the Board of Representatives**

Chairman and deputy chairman are elected from the members of the Board of Representatives once a year.

Harald Elgaaen was the chairman and Per Ottar Skaaret was the deputy chairman in the Board of Representatives during the last year.

The Nomination Committee proposes that Harald Elgaaen is re-elected as the chairman of the Board of Representatives and that Per Ottar Skaaret is re-elected as the deputy chairman of the Board of Representatives.

Proposal for the resolution:

*Harald Elgaaen is elected as the chairman of the Board of Representatives for the service year 2014/2015. Per Ottar Skaaret is elected as the deputy chairman of the Board of Representatives for the service year 2013/2014.*

### **2) Election of chairman, deputy chairman and the following composition of the Board of Directors**

According to the Company's articles of association, the Board shall consist of at minimum 3 and maximum 9 members and a number of deputy members decided by the Board of Representatives. The members of the Board are elected for a 2-year term by the Board of Representatives. The chairman and the deputy chairman of the Board are elected from the members of the Board for a 1-year term by the Board of Representatives.

In 2011, the Board was extended to nine members with seven members elected by the shareholders. The Nomination Committee is of the opinion that it is reasonable to reduce the total number of the members of the Board because a smaller Board is likely to be same efficient. The Nomination Committee has also weighted the fact that the Board members together have to have a wide experience, different background and tasks in the Board. It is also important that the members of the Board have the necessary competence in order to be included into the Boards subcommittees. It is desirable to maintain the continuity in the Board itself, but a certain change can be positive. The Nomination Committee therefore proposes that the total number of the members of the Board is reduced to seven by reducing the total number of the shareholder-elected members from seven to five.

The members elected by the shareholders standing for election in 2014 are Jostein Sørvoll, Giuditta Cordero-Moss, Eva Redhe Ridderstad and Jørgen Stang Heffermehl, while Else Bugge Fougner, Erik G. Braathen and Rolf Tolle should ordinarily stand for election in 2015. Because the total number of the members of the Board will be reduced by 2 members, the Nomination Committee proposes that the entire Board is elected anew, some members for 1 year and some members for 2 years.

The shareholder-elected members Giuditta Cordero-Moss, Eva Redhe Ridderstad, Rolf Tolle and Jørgen Stang Heffermehl have notified the Nomination Committee that they shall not stand for re-election. The members Else Bugge Fougner, Erik G. Braathen and Jostein Sørvoll have all said that they want to continue as members, and the Nomination Committee proposes re-election of them in such a way that Else Bugge Fougner and Erik G. Braathen are elected for 1 year and Jostein Sørvoll is elected for 2 years.

The Nomination Committee has had meetings with several candidates in order to find 2 new members of the Board and has decided to propose for election for 2 years:

- Randi Helene Røed, finance director in Norsk Tipping (CV enclosed)
- Jørgen Stenshagen, CEO in Stenshagen Invest AS (CV enclosed)

The Chairman and the deputy chairman of the Board are elected for a 1-year term by the Board of Representatives. The Nomination Committee proposes that Jostein Sørvoll is re-elected as the Chairman and Erik G. Braathen is elected as a new deputy chairman of the Board of Directors.

Following the proposal of the Nomination Committee, the shareholder-elected members of the Board will be:

- |                                      |                  |
|--------------------------------------|------------------|
| - Jostein Sørvoll (chairman)         | On election 2016 |
| - Erik G. Braathen (deputy chairman) | On election 2015 |
| - Else Bugge Fougner                 | On election 2015 |
| - Jørgen Stenshagen                  | On election 2016 |
| - Randi Helene Røed                  | On election 2016 |

In order to give a proposition for the composition of the Board the Nomination Committee has taken contact with the company's largest shareholders, all of the shareholder-elected members of the Board, and CEO and has reviewed the Board's self-evaluation.

Proposal for the resolution:

*i) Establishment of the total number of the members of the Board:*

*It was concluded that the Board shall constitute of seven members, whereof five shareholder-elected members and two employee-elected members. No deputy members are elected for the shareholder-elected members of the Board. Two deputy members of the Board are elected for the employee-elected members.*

*ii) Election of the shareholder-elected members of the Board:*

*Randi Helene Røed, Jorgen Stenshagen and Jostein Sørvoll are elected as the members of the Board for 2 years, i.e. until spring 2016. Else Bugge Fougner and Erik G. Braathen are elected as the members of the Board for 1 year, i.e. until spring 2015.*

*iii) Election of the Chairman of the Board and the deputy chairman of the Board:*

*Jostein Sørvoll is elected as the Chairman of the Board for 1 year, i.e. until spring 2015. Erik Braathen is elected as the deputy chairman of the Board for 1 year, i.e. until spring 2015.*

### **3) Proposal for the remuneration of the Board**

The remuneration of the Board is decided by the Board of Representatives.

The remuneration of the Board shall reflect the Board's responsibilities, competence, use of time and the complexity of businesses. The Nomination Committee aims the Board to have remuneration at market terms. Experience shows that work extent in the Board's subcommittees, the Audit Committee, and the Nomination Committee is quite large. It is the opinion of the Nomination Committee that the company having to comply with the laws and regulation of the Norwegian Financial Authority will have greater need for documentation and control than other businesses.

For 2013, the remuneration to the Board was:

Chairman of the Board	NOK 400.000
Deputy chairman of the Board	NOK 250.000
Shareholder-elected members	NOK 180.000
Employee-elected members	NOK 100.000

Those members that are estimated to use more than 5 hours for travelling to and from the meetings of the Board received a general compensation for travelling of NOK 50.000 per year.

In addition, there was a fixed remuneration for the chairmen in the Board's subcommittees (the Audit Committee and the Compensation Committee) of NOK 20.000,- and to the members in the Board's

subcommittees of NOK 10.000,- plus a compensation for meeting attendance of NOK 5.000 per meeting. The reason was that the meeting activities in the Board's subcommittees are somewhat different and therefore a fixed remuneration combined with remuneration per meeting was proposed.

The Nomination Committee wants that the Board of Representatives shall continue establishing the remuneration to the Board in advance, so that the members of the Board know what remuneration they can expect when they are elected.

The Nomination Committee has gathered information about remuneration for the Board in other Oslo Stock Exchange listed comparable companies and in the opinion of the Nomination Committee the current remuneration is at market terms after being more significantly adjusted in 2012, however, the Nomination Committee wants to remove the compensation for travelling and to somewhat increase remuneration to the regular members of the Board.

Therefore, the Nomination Committee has concluded that following proposal for the remuneration of the Board for the service year 2014/2015.

Proposition for resolution:

*The following remuneration for the Board for the service year 2014/2015 was resolved:*

<i>Chairman of the Board</i>	<i>NOK 400.000</i>
<i>Deputy chairman of the Board</i>	<i>NOK 250.000</i>
<i>Shareholder-elected members</i>	<i>NOK 220.000</i>
<i>Employee-elected members</i>	<i>NOK 110.000</i>

*Additional remuneration for the Audit Committee:*

<i>Chairman</i>	<i>NOK 30.000 + attendance fee of NOK 5.000 per meeting</i>
<i>Member</i>	<i>NOK 20.000 + attendance fee of NOK 5.000 per meeting</i>

*Additional remuneration for the Compensation Committee:*

<i>Chairman</i>	<i>NOK 20.000 + attendance fee of NOK 5.000 per meeting</i>
<i>Member</i>	<i>NOK 10.000 + attendance fee of NOK 5.000 per meeting</i>

*The resolved remuneration for the Board of Directors in 2013 is valid for the service year 2013/2014.*

Oslo, 11 April 2014

The Nomination Committee in Protector Forsikring

Translation – not to be signed

Truls Holthe  
Chairman

Nils Petter Hollekim

Per Ottar Skaaret

Attachments:

- CV – Randi Helene Røed
- CV – Jørgen Stenshagen