

**Comparison between the revised Swedish Corporate
Governance Code and the previous Code**

May 2008

The Swedish Corporate Governance Board

N.B. The comparison is structured according to the disposition of the previous code, and hence the rules of the revised code do not always come in sequential order.

Previous code	Revised code	Comments
1. The Shareholders' Meeting	1. The shareholders' meeting	The footnote has been removed. The equivalent explanation can be found in the Code's introductory text.
<i>Shareholders' influence in the company is exercised at the shareholders' meeting, which is the company's highest decision-making body. To create the best possible conditions for the active exercise of the ownership role, the shareholders' meeting should be conducted in such a manner that as high a percentage as possible of the total number of shares and votes can be represented at the meeting and that active participation on the part of current shareholders in the discussions and decision making is facilitated.</i>	<i>Shareholders' influence in the company is exercised at the shareholders' meeting, which is the company's highest decision-making body. The planning and running of the shareholders' meeting must create conditions in which shareholders can exercise their ownership role in an active, well-informed manner.</i>	The text has been shortened without changing any of its substance.
1.1 Notice of Shareholders' Meeting		
1.1.1 As soon as the board of directors has decided to hold an extraordinary shareholders' meeting, but no later than the time of the third quarter report, the company is to announce the time and location of the meeting. The information is to be posted to the company's web site at the same time that it is announced.	1.1 As soon as the time and venue of the shareholders' meeting has been decided, and no later than the publication date of the third quarter report, the information is to be posted on the company's web site. This information is also to include the closing date for issues to be submitted by shareholders for inclusion in the notice of meeting.	It is sufficient that information on the date and time of the shareholders' meeting is published on the company's web site. This information is always to be published without delay.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
1.1.2 Before issuing a notice of an annual general meeting, the company is to provide timely information on its web site on the shareholders' right to have a matter considered at the meeting and the time when such a request must reach the company in order to guarantee its inclusion in the notice of meeting. When possible, similar procedures are to be followed before an extraordinary shareholders' meeting.		The text of this rule has been shortened and moved to rule 1.1. The only change in substance is that a shareholder's right to have matters considered at the meeting is no longer emphasised separately.
	1.2 The notice of meeting and other documents relevant to the shareholders' meeting are to be available in such time and in such a form that they provide shareholders with sufficient opportunity to form a well-founded opinion on the issues raised.	New rule, with the particular aim of making it easier for foreign shareholders to prepare for the shareholders' meeting.
1.1.3 Shareholders are to be given the opportunity to register to attend the shareholders' meeting in several ways, among them registration by e-mail or on the company's web site.		This rule has been removed, as it is felt to be unnecessary regulation of details.
1.2 Distance Participation		
1.2.1 At each shareholders' meeting, the company is to provide shareholders with the option of following or participating in the meeting from another location in the country or abroad with the help of modern communications technology if it is warranted by the ownership structure and financially feasible.		No longer required. Companies to whom this is deemed applicable are regarded as having own incentives to provide such a service.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
<p>INSTRUCTION</p> <p>If the company decides not to offer remote participation to its shareholders on the grounds that is not warranted by the ownership structure and/or not financially feasible, this deviation from the Code need not be explained. See Board Instruction 2-2006.</p>		
1.3 Board, Management and Auditor Attendance		
<p>1.3.1 At shareholders' meetings, a quorum of the board is to be present. If possible, the entire board is to be present at the annual general meeting. The chair of the board of directors, the managing director and, if necessary, other company managers are to be present at the meeting. At least one of the company's auditors is to be present at the annual general meeting.</p>	<p>1.3 The company chair and as many members of the board as are required for a quorum are to be present at shareholders' meetings. The chief executive officer is to attend.</p> <p>At least one member of the company's nomination committee, at least one of the company's auditors and, if possible, each member of the board are to be present at the annual general meeting.</p>	<p>This rule requires the company chair and the CEO to also attend extraordinary general meetings as well as the number of board members required for a quorum. The requirement for other members of the executive management to attend has been removed. The attendance requirement for at least one member of the nomination committee existed indirectly in several of the previous code rules See notes at previous rules 1.4.1, 2.2.4 and 2.3.4.</p>
<p>1.3.2 If proposals for decisions on certain items have been prepared by a committee of the board, the chair or another member of the committee is to be present at the shareholders' meeting and describe and give cause for the proposals on behalf of the board.</p>		<p>This rule has been removed, as it is felt to be unnecessary regulation of details.</p>
1.4 Conducting the Shareholders' Meeting		
<p>1.4.1 The company's nomination committee is to recommend a candidate to chair the annual general meeting. The recommendation is to be included in</p>	<p>1.4 The company's nomination committee is to propose a chair for the annual general meeting. The proposal is to be presented in the notice of the</p>	<p>The requirement that the nomination committee present its candidate for chair of the shareholders' meeting at the meeting has been removed. It is</p>

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
the notice of the shareholders' meeting and presented by the nomination committee at the meeting.	meeting.	sufficient that the proposal is included in the notice of meeting.
1.4.2 A shareholder, or a representative of a shareholder, who is neither a director nor an employee of the company, is to be chosen to verify the minutes of the shareholders' meeting.	1.6 A shareholder, or a representative of a shareholder, who is neither a member of the board nor an employee of the company is to be appointed to verify the minutes of the shareholders' meeting.	No change
1.4.3 The shareholders' meeting is to be conducted in Swedish and the material presented is to be in Swedish. The company is to consider whether the proceedings are to be simultaneously translated in whole or in part and whether the material presented by the company is to be translated into any other language as warranted by the ownership structure and if financially feasible. INSTRUCTION If the company decides not to offer simultaneous interpretation or translation to its shareholders on the grounds that it is not warranted by the ownership structure and/or not financially feasible, this deviation from the Code need not be explained. See Board Instruction 2-2006.	1.5 The shareholders' meeting is to be conducted in Swedish and the material presented is to be available in Swedish. If the ownership structure warrants it, the company is to offer simultaneous interpretation to other relevant languages, as well as translation of all or parts of the meeting documentation.	The rule remains but with slight modifications. Material presented need not be in Swedish but is to be available in Swedish if it has been produced in another language. With regard to simultaneous interpretation and translation to other languages, the wording of the text has been changed without changing the substance, thus incorporating Board Instruction 2-2006 into the rule.
1.4.4 The chair of the shareholders' meeting is to see that the shareholders are given sufficient opportunity to exercise their statutory right to ask questions at the meeting as well as to comment on the items on		This rule has been removed, as it is felt to be unnecessary regulation of details.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
the agenda, recommend changes and additions to the proposals presented, and submit new proposals in accordance with statutory provisions before the meeting comes to a decision.		
1.4.5 The minutes from the last annual general meeting and any subsequent extraordinary shareholders' meeting are to be posted on the company's web site. It is not necessary to report the register of voters from the meeting. The protocol is also to be translated from Swedish into any other language as warranted by the ownership structure.	1.7 The minutes of the latest annual general meeting and any subsequent extraordinary shareholders' meetings are to be posted on the company's web site. It is not necessary to publish the register of voters from the meeting. The minutes are also to be translated from Swedish into any other language warranted by the ownership structure, providing this is financially feasible.	No change in substance.

Previous code	Revised code	Comments
2 Appointment of the Board and Auditors	2 Appointment and remuneration of the board and auditors	
<i>The decisions of the shareholders' meeting on the appointment of the board of directors and auditors should be prepared by a structured and transparent process governed by the shareholders. It should provide all shareholders with the opportunity to express their views on proposals and present proposals on the issues at hand. It should also provide a good basis for making well-founded decisions.</i>	<i>The shareholder's meeting's decisions on election and remuneration of the board of directors and the auditors are to be prepared in a structured, clearly stated process governed by the shareholders that provides conditions for well-informed decision-making. The sole task of the nomination committee is to propose decisions to the shareholders' meeting on electoral and remuneration issues and, where applicable, procedures for the appointment of next year's nomination committee. Regardless of how they are appointed, members of the nomination committee are to promote the interests of all shareholders. Members are not to reveal the content and details of nominations discussions unduly.</i>	The first paragraph of the introductory text has been shortened without changing its substance. To avoid the risk of misunderstanding, the term <i>transparent</i> has been changed to <i>clearly stated</i> . This is a better description of the requirement that the process is to be known to shareholders and the capital market without requiring the nomination committee to reveal all the issues raised there.
2.1 Nomination Committee		
<i>The nomination committee is a body of the shareholders' meeting that prepares the decisions on appointments to be taken by shareholders at the shareholders' meeting. The committee's aim is to provide a sound basis for the meetings' consideration of these matters.</i>		The second sentence makes it clear that the sole task of the nomination committee is to propose candidates and remunerations for members of the board and the auditors, including procedures for the appointment of the next nomination committee. A new sentence has been added regarding the obligation of the nomination committee to promote the interests of all shareholders. Further, a sentence has been added to prevent the undue spread of information on the work of the nomination committee in order to protect the integrity etc of discussed candidates and to prevent the risk of damage to the company.
2.1.1 The company is to have a nomination	2.2 The shareholders' meeting is to appoint members	The requirement to have a nomination committee is

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
<p>committee that represents the company's shareholders. The shareholders' meeting is to appoint members of the nomination committee or to specify how they are to be appointed. The decision is to include procedures for replacing members of the nomination committee who resign before its work is concluded, if necessary. If members of the nomination committee are not appointed by the shareholders' meeting, the meeting is to decide on the criteria to be used in appointing the chair and members of the nomination committee.</p>	<p>of the nomination committee or to specify how they are to be appointed. This decision is to include procedures for replacing members of the nomination committee who leave before its work is concluded.</p>	<p>now included in rule 2.1.</p> <p>The reference to the nomination committee representing the shareholders has been removed, as it was felt that this could lead to misunderstandings regarding whose interests a member of the committee is to represent. To replace this, an equivalent sentence has been added to the introductory text.</p> <p>Additionally, the text of the rule has been shortened without changing its substance.</p>

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
<p>2.1.2 The nomination committee is to have at least three members. The majority of the members of the nomination committee are not to be members of the board of directors. The managing director or other company managers are not to be members of the nomination committee. The chair of the board of directors or another board member is not to chair the nomination committee.³</p> <p>Footnote 3: The nomination committee should not include any members who represent any of the company's competitors.</p>	<p>2.3 The nomination committee is to have at least three members, one of whom is to be appointed committee chair.</p> <p>The majority of the members of the nomination committee are to be independent of the company and its executive management.¹ Neither the chief executive officer nor other members of the executive management are to be members of the nomination committee.</p> <p>At least one member of the nomination committee is to be independent of the company's largest shareholder in terms of votes or any group of shareholders that act in concert in the governance of the company.</p>	<p>A requirement that a chair of the nomination committee be appointed has been inserted.</p> <p>New requirements regarding members' independence of the company, its executive management and major owners have been added. This can be seen as an adaptation to meet international standards. The majority of the members of the nomination committee are to be independent of the company and its executive management, and at least one member of the nomination committee is to be independent of the company's largest shareholder or group of shareholders in terms of votes. The latter proposal means that dominant owners are not able to appoint every member of the nomination committee.</p> <p>The footnote to the previous code rule has been removed, partly because the revised Code avoids giving recommendations on how to apply the Code in footnotes, and partly because it is not felt appropriate to limit the shareholders' meeting's scope to decide on the composition of the committee in the way described in the footnote.</p>

¹ Definitions and criteria for assessment of independence can be found in the regulations of OMX Nordic Exchange Stockholm and NGM respectively.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
	<p>2.4 Members of the board of directors may be members of the nomination committee but may not constitute a majority thereof. The chair of the company may not chair the nomination committee.</p> <p>If more than one member of the board is on the nomination committee, no more than one of these may be dependent of a major shareholder in the company.²</p>	<p>The revised rule makes it clear that more than one member of the company's board may be a member of the nomination committee, as long as board members do not constitute the majority of the committee. Further, a rule has been inserted which aims to prevent a dominant owner achieving an own majority in the nomination committee by, for example, ensuring that a nomination committee comprising five members has one member appointed by the dominant owner and two members with ties to the same owner.</p>
<p>2.1.3 The company is to announce the names of members of the nomination committee at least six months before the annual general meeting. If a member represents a particular owner, that owner's name is to be stated. The replacement of a member of the nomination committee is to be made public and the corresponding information about the new member is to be provided. The information is to be found on the company's web site, which is also to specify how shareholders may submit recommendations to the nomination committee.</p>	<p>2.5 The company is to announce the names of members of the nomination committee on its web site no later than six months before the annual general meeting. If any member represents a particular owner, that owner's name is to be stated. If any member leaves the committee, this information is to be published. If a new member is appointed to the nomination committee, the corresponding information about the new member is to be provided.</p> <p>The web site is also to provide information on how shareholders may submit recommendations to the nomination committee.</p>	<p>In order to give the nomination committee more time to fulfil its task, the text emphasises that it is preferable that information on the nomination committee be announced on the company's web site earlier than six months before the shareholders' meeting.</p> <p>There have also been some linguistic changes, but these do not change the substance of the text.</p>
2.2 Appointment of the Board of Directors		

² Major shareholders are defined as those controlling at least ten per cent of the shares or votes in the company.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
<p>2.2.1 The nomination committee is to make recommendations for the chair and other members of the board and recommendations on the division of board fees among the chair and other directors and on remuneration for committee work, if any.</p> <p>INSTRUCTION</p> <p>Chapter 8, section 23 a of the Swedish Companies Act states that the shareholders' meeting decides on remuneration for the board work of each member of the board of a Swedish company. This means that the final part of this Code rule is not applicable to Swedish limited liability companies. The nomination committee's proposals regarding remuneration for board members of such companies are to refer to payments that according to the Companies Act are decided by the shareholders' meeting. See Board Instruction 3-2006.</p>	<p>2.1 The company is to have a nomination committee.</p> <p>The nomination committee is to propose candidates for the post of chair and other members of the board, as well as fees and other remuneration to each member of the board.</p> <p>The nomination committee is also to make proposals on the election and remuneration of the company auditor.</p>	<p>The first sentence of this rule has been moved from previous Code rule 2.1.1.</p> <p>The phrase regarding remuneration has been adapted to meet new legal requirements concerning shareholders' meetings' decisions on board remunerations, (compare Board Instruction 3-2006)</p> <p>Further, this rule now states that the nomination committee is to make recommendations on the election and remuneration of the auditors, which was previously stated in rule 2.3.2.</p>
<p>2.2.2 As the basis for its recommendations, the nomination committee is to:</p> <ul style="list-style-type: none"> • Assess the extent to which the current board meets the demands that will be made of the board as a consequence of the company's current position and future direction, among other things, by studying the result of the evaluation made of the board, • Establish requirements profiles for the new member or members who, according to this assessment, 		<p>The final part of the first point, stating that the nomination committee is to study the results of the evaluation of the board, has been moved to rule 8.1, (which was previously rule 3.1.2).</p> <p>The remainder of this rule, including the footnote, has been removed as it is seen as unnecessary regulation of details.</p>

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
<p>should be recruited, and</p> <ul style="list-style-type: none"> • Execute a systematic procedure for the recruitment of directors, with due consideration for shareholders' recommendations.⁴ <p>Footnote 4: In light of the information that may need to be given to members of the nomination committee, the company may have reason to reconsider its confidentiality agreements aimed at eliminating the risk that such information is divulged to owners on a selective basis.</p>		
<p>2.2.3 The nomination committee's recommendations are to be presented in the notice of the shareholders' meeting and on the company's web site. The following information for persons nominated for election or re-election to the board is to be posted on the company's web site in connection with the issuance of the notice of the shareholders' meeting:</p> <ul style="list-style-type: none"> • Age and principal education and work experience, • Any work performed for the company and significant professional commitments outside the company, • His or her own holdings of shares and other financial instruments in the company or such holdings by related natural or legal persons, • If, according to the nomination committee, the 	<p>2.6 The nomination committee's proposals are to be presented in the notice of the shareholders' meeting and on the company's web site.</p> <p>When the notice of the shareholders' meeting is issued, the nomination committee is to issue a statement on the company's web site explaining its proposals regarding the board of directors with regard to the requirements concerning the composition of the board contained in Code rule 4.1. If the outgoing chief executive officer is nominated for the post of chair, reasons for this proposal are also to be fully explained.</p> <p>The following information on candidates nominated for election or re-election to the board is to be posted on the company's web site:</p>	<p>This rule has been divided into three paragraphs.</p> <p>To make it easier for shareholders, not least those outside Sweden, to form an opinion on its proposals, the nomination committee is to explain its proposals when the notice of meeting is issued, not just at the meeting itself as previously. See Code rule 2.7, (previously rule 2.2.4).</p> <p>The second paragraph contains a new requirement for the committee to publish an explanatory statement on the company web site, including information on how the committee's proposals meet the requirements regarding composition of the board, (see Code rule 4.1, previously rule 3.2.1). The rule requiring particular explanation if the outgoing chief executive officer is nominated for the post of chair, (previously rule 3.4.2) has also been moved to this</p>

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<p>board member is considered to be independent of the company and its senior management, as well as of major shareholders in the company,</p> <ul style="list-style-type: none"> • On re-election, the year that the member was first elected to the board, and • Other information that may be important to shareholders in assessing the proposed member's competence and independence. <p>A report on how the nomination committee has conducted its work is to be posted on the company's web site.</p>	<ul style="list-style-type: none"> • The candidate's age, principal education and work experience, • Any work performed for the company and other significant professional commitments, • any holdings of shares and other financial instruments in the company and any such holdings owned by the candidate or the candidate's related natural or legal persons, • whether the nomination committee deems the candidate to be independent of the company and its senior management, as well as of major shareholders in the company, • in the case of re-election, the year that the person was first elected to the board. 	<p>paragraph. The only change in substance is the new requirement that the explanation is to be published in the statement on the web site in conjunction with the issuance of the notice of meeting.</p> <p>The final point in the third paragraph, regarding other information about members' independence, has been removed.</p> <p>The requirement to post a report about the nomination committee's work on the web site has been removed. It is felt to be sufficient that this is reported to the shareholders' meeting. See rule 2.7 (previously rule 2.2.4).</p> <p>There have also been some linguistic changes, but these do not change the substance of the text.</p>
<p>2.2.4 At the shareholders' meeting, the nomination committee is to present and give reasons for its recommendations. It is to specify its reasons if its recommendations do not include any new nominees. In addition, the nomination committee is to submit a report on how it has conducted its work.</p>	<p>2.7 At a shareholders' meeting where election of board members or auditor is to be held, the nomination committee is to give an account of how it has conducted its work and explain its proposals.</p>	<p>The requirement for the nomination committee to specify its reasons if its recommendations do not include any new nominees has been removed.</p> <p>There have also been some linguistic changes, but these do not change the substance of the text.</p>
<p>2.2.5 Persons recommended for election to the board are to be present at the meeting, if possible, so that they can introduce themselves and answer questions from shareholders.</p>		<p>This rule has been removed, as it is seen as unnecessary regulation of details.</p>

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
<p>2.2.6 The shareholders' meeting is to decide on directors' fees and all other remuneration for board work and the allocation to the chair and other members of the board and remuneration for committee work, if any.</p> <p>INSTRUCTION</p> <p>Chapter 8, section 23 a of the Swedish Companies Act states that the shareholders' meeting decides on remuneration for the board work of each member of the board of a Swedish company. This stipulation replaces Code rule 2.2.6 for Swedish limited liability companies. See Board Instruction 3-2006.</p>		<p>This rule has been removed, as it is now covered by legislation, (compare Board Instruction 3-2006 concerning previous rule 2.2.1)</p>
<p>2.2.7 Directors are not to participate in share or share-price incentive schemes aimed at company management or other employees. If such a programme is intended for the board alone, the shareholders' meeting is to decide the programme. The decision is to specify the maximum number of instruments that may be issued, the main terms of the allocation, the main terms and principles to be observed when estimating the value of the instrument and the latest date that the instrument can be issued or transferred to the board member.</p> <p>Even though the managing director is a member of the board, he or she may participate in incentive schemes intended for management and employees.</p>		<p>This rule has been modified and moved to rule 9.2, (see comment at previous rule 4.2.3) .</p>

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
2.3 Appointment of Auditors		
2.3.1 Recommendations on the appointment of auditors are to be made by the company's nomination committee or a nomination committee appointed especially for that purpose. When a separate nomination committee is appointed, the regulations in 2.1 and this section apply.		The rule stating that the company may appoint a separate nomination committee for nomination of the auditors has been removed without implying any change in substance. Companies are still permitted to appoint such a committee.
2.3.2 The nomination committee is to make recommendations on the selection of auditors as well as on audit fees. These recommendations are to be included in the notice of the shareholders' meeting and posted on the company's web site.		These rules are unchanged but have been moved to rules 2.1 and 2.6.
2.3.3 In connection with the issuance of the notice of the shareholders' meeting, information that may be of importance to shareholders in assessing the competence and independence of the proposed auditors is to be posted on the company's web site. The information is to show what services other than auditing were provided by the proposed auditor to the company over the past three years and, in the event of re-election, the year that the auditor was first appointed and the length of the engagement. A report on how the nomination committee has conducted its work is to be posted on the company's web site.		This rule has been removed, as comprehensive requirements for the auditor to report any information relevant to the assessment of dependency relationships are expected to be introduced into the legislation through implementation of European Directive 2006/43/2006 on statutory audits of annual accounts and consolidated accounts Regarding the requirement of a report on the work of the nomination committee, see rule 2.7.
2.3.4 At the shareholders' meeting, the nomination committee is to present and give reasons for its		The rule is unchanged, but has been moved to rule

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
recommendations and submit a report on how it has conducted its work.		2.7.
2.3.5 The proposed auditor is to be present at the meeting to be introduced and answer questions from the shareholders.		This rule has been removed, as it is seen as unnecessary regulation of details.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
3 The Board of Directors		
3.1 Tasks	3 The tasks of the board of directors	
<i>The principal task of the board of directors is to manage the company's affairs in such a way as to satisfy the owners that their interests in a good long-term return on capital are being met in the best possible way.</i>	<i>The board of directors is to manage the company's affairs in the interests of the company and all shareholders.</i>	The introductory text has been shortened. The final part of the sentence has been removed, as it is the owners who decide this.
<p>3.1.1 To meet its obligations to the company's owners, the board of directors is to pay particular attention to:</p> <ul style="list-style-type: none"> • Establishing the overall goals for the company and deciding the company's strategy for achieving these goals, • Evaluate the company's operative management on an ongoing basis and, if necessary, appoint or dismiss the managing director, • Ensure that there is an effective system for follow-up and control of the company's operations and financial position vis-à-vis the established goals, • Ensure that the company's external communications are open, objective and appropriate for the target audience, • Ensure that there is a satisfactory process for monitoring the company's compliance with laws and 	<p>3.1 The principle tasks of the board of directors include</p> <ul style="list-style-type: none"> • establishing the overall operational goals and strategy of the company, • appointing, evaluating and, if necessary, dismissing the chief executive officer, • ensuring that there is an effective system for follow-up and control of the company's operations, • ensuring that there is a satisfactory process for monitoring the company's compliance with laws and other regulations relevant to the company's operations, • defining necessary guidelines to govern the company's ethical conduct. • ensuring that the company's external communications are characterised by openness, and 	The text of the rule has been shortened without changing its substance.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
<p>other regulations that apply to the company's operations, and</p> <ul style="list-style-type: none"> • Ensure that the necessary guidelines governing the company's ethical conduct are established. 	that they are accurate, reliable and relevant.	
3.1.2 The board is to ensure that there is an annual evaluation of its work and that this evaluation employs a systematic and structured process.	8.1 The board of directors is to evaluate its work annually, using a systematic and structured process, with the aim of developing the board's working methods and efficiency. The results of this evaluation are to be made available to the nomination committee.	The aim of the evaluation has been clarified, as has the requirement that the results are to be made available to the nomination committee where relevant, i.e. to the extent that they are necessary for the work of the committee.
3.2 Size and Composition of the Board	4 The size and composition of the board	
<i>The board should have a size and composition that enable it to embrace the various qualifications and experience needed and to meet the independence criteria required to manage the company's affairs effectively and independently. The renewal of the board should be paced with due consideration for the development of the company's operations as well as for the need for continuity in the work of the board.</i>	<i>The board is to have a size and composition that enables it to manage the company's affairs efficiently and with integrity.</i>	The first sentence has been shortened without changing its substance. The second sentence is regarded as unnecessary and has therefore been removed.
3.2.1 With the company's operations, phase of development, and other conditions taken into consideration, the board is to have an appropriate composition, exhibiting diversity and breadth in the directors' qualifications, experience and background. An equal gender distribution on the board is to be an	4.1 The board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances. It is to exhibit diversity and breadth of qualifications, experience and background. The company is to strive for equal gender distribution on the board.	Unchanged but retranslated. A requirement that the nomination committee explain its proposals in the light of this rule has been introduced in Code rule 2.6.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
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3.2.2 The board is not to exceed the size that will allow it to employ simple and effective working methods. There are to be no deputies to the directors chosen by the shareholders' meeting.	4.2 Deputies for directors elected by the shareholders' meeting are not to be appointed.	The first sentence has been removed, as it is seen as unnecessary regulation of details.
3.2.3 No more than one person from senior management may be a member of the board.	4.3 No more than one member of the board may be a member of the executive management of the company or a subsidiary. (5) Footnote 5: This rule is contained in the regulations governing the markets run by OMX Nordic Exchange Stockholm or NGM and already applies to companies whose shares are traded there.	The rule has been adapted to the requirements contained in the regulations governing the markets. To avoid misunderstanding, a footnote provides a reminder that this rule applies to all companies whose shares are traded on these regulated exchanges.

Previous code	Revised code	Comments
<p>3.2.4 The majority of the directors elected by the shareholders' meeting are to be independent of the company and its management.</p> <p>A director is not to be considered independent if he or she:</p> <ul style="list-style-type: none"> • Is the managing director, or in the preceding five years has been the managing director, of the company or associated enterprises, • Is employed, or in the preceding three years has been employed, in the company or an associated enterprise, • Receives significant remuneration for advice or services in addition to board work from the company or an associated enterprise or from someone in the senior management, • Has, or in recent years has had, extensive business ties or other extensive financial dealings with the company or an associated enterprise, in his or her capacity as customer, supplier or part-owner, either personally or as part of the senior management or the board or by being a major partner in another enterprise having such a business relationship with the company, • Is, or in the past three years has been, a partner or employee of the audit firm currently or then auditing the company or an associated enterprise, • Is part of senior management in another enterprise having a director who is part of senior management in the company, • Has been a member of the board for more than twelve years or 	<p>4.4 The majority of the directors elected by the shareholders' meeting are to be independent of the company and its executive management. At least two of these directors are also to be independent of the company's major shareholders.³</p> <p>Nominees are to provide the nomination committee with sufficient information to enable an assessment of the candidate's independence as defined in the first paragraph of this rule.</p>	<p>This rule has been changed to reflect the independence rules contained in the regulations governing the regulated exchanges. This means that the independence criteria in the previous code are replaced by the exchanges' independence criteria.</p> <p>A new requirement is that candidates for positions on the board are themselves to provide the nomination committee with sufficient information to enable an assessment of the independence criteria.</p>

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
<p>3.2.5 At least two of the directors who are independent of the company and its management are also to be independent of the company's major shareholders. A director who represents a major owner or is employed or a member of the board in a company that is a major shareholder is not considered independent.</p> <p>"A major shareholder" refers to owners who directly or indirectly control 10 per cent or more of the shares or votes in the company. If one company has more than 50 per cent of the capital or votes in another company, the first company is considered to have indirect control of the second company's ownership in other companies.</p>		
3.2.6 Members of the board are to be appointed for one year at a time.	4.5 Members of the board are to be appointed for a period extending no longer than to the end of the next annual general meeting.	The rule has been adapted to the wording of the Companies Act.
3.3 Directors	5 The tasks of directors	
<i>The director's position in relation to the company is similar to that of a trustee. This means that the director is obliged to devote the time and the care and have the competence required to look after the interests of the company and its owners in the best possible manner.</i>	<i>Directors are to devote the necessary time and care, and to ensure they have the competence required, to effectively protect and promote the interests of the company and its owners. To enable it to make well-founded decisions, the chief executive officer is to provide the board with the necessary background information and documentation for its work, both before and between board meetings.</i>	The introductory text has been shortened without changing its substance, and a sentence has been added which corresponds to previous rule 4.1.1.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
3.3.1 A director is not to have so many other duties that he or she is unable to devote the necessary time and care to the company's board work.		This rule has been removed. The substance of the rule is found in the introductory text.
3.3.2 A director is to form an independent judgement on each matter considered by the board and to express the views and take the positions that follow from this judgement. A director is to request whatever supplementary information he or she believes is necessary for the board to make well-founded decisions.	5.1 Each director is to form an independent opinion on each matter considered by the board and to request whatever information he or she believes necessary for the board to make well-founded decisions.	This rule has been shortened without changing its substance.
3.3.3 A director is obliged to acquire the familiarity with the company's operations, organisation, market, etc. needed to discharge his or her duties.	5.2 Each director is obliged to acquire the knowledge of the company's operations, organisation, markets etc. required for the assignment.	This rule has been shortened without implying any change in substance.
3.3.4 A new director is to receive the necessary introductory training about the company and any other training that the chair of the board and the director mutually consider appropriate.		This rule has been removed and replaced by an additional point in rule 6.3 regarding the tasks of the chair of the board.
3.4 The Chair of the Board of Directors	6 The chair of the board	
<i>The chair has a special position in the board with explicit responsibility for seeing that the work of the board is well organised and efficiently conducted and that the board discharges its duties.</i>	<i>The chair has a particular responsibility to ensure that the work of the board is well organised and conducted efficiently.</i>	The introductory text has been shortened without changing its substance.
3.4.1 The chair of the board is to be elected at the shareholders' meeting. If the chair relinquishes his or	6.1 The chair of the board is to be elected by the shareholders' meeting. If the chair	Unchanged but retranslated.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
her duties during the mandate period, the board is to elect a chair from amongst its members to serve until the end of the next shareholders' meeting.	relinquishes the position during the mandate period, the board is to elect a chair from among its members to serve until the end of the next annual general meeting.	
3.4.2 If the nomination committee proposes that the outgoing managing director, soon after leaving that position, become the chair, the committee is to give special cause for its proposal.		This rule has been moved to rule 2.6, which means that the nomination committee is to issue an explanatory statement prior to the shareholders' meeting if such a proposal is made.
3.4.3 If the chair of the board is employed in the company or in addition to his or her responsibilities as chair, has duties assigned by the company, these may not involve tasks that are part of the managing director's responsibilities in the day-to-day management of the company. In such cases, the division of work between the chair and the managing director is to be clearly stated in the formal work plan of the board of directors and in the board's instruction to the managing director.	6.2 If the chair of the board is an employee of the company or has duties assigned by the company in addition to his or her responsibilities as chair, the division of work and responsibilities between the chair and the chief executive officer is to be clearly stated in the formal work plan of the board of directors and in its instructions to the chief executive officer.	The prohibition for the chair to assume tasks that are part of the day-to-day management of the company has been removed, as this is regarded as unnecessary regulation of details. The rule remains otherwise unchanged.
3.4.4 The chair is to ensure that the work of the board is pursued effectively and that the board discharges its duties. Specifically, the chair is to: <ul style="list-style-type: none"> • Organise and lead the board's work, encourage an open and constructive discussion in the board in which all the directors participate, and create the best possible conditions for the board's work, • Ensure that the board regularly updates and 	6.3 The chair is to ensure that the work of the board is conducted efficiently and that the board fulfils its obligations. In particular, the chair is to <ul style="list-style-type: none"> • organise and lead the work of the board, creating the best possible conditions for the board's activities, • ensure that new board members receive the necessary introductory training, as well as any other training that the chair and member agree is 	This rule has been shortened and some parts removed without changing its substance. The second point, containing a requirement that the chair ensure that appropriate training is given, is new and corresponds in part to the requirement previously found in rule 3.3.4. The requirement to inform the nomination committee about the evaluation is now included in rule 8.1.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
<p>improves its knowledge of the company and its operations and receives any other training required to conduct the board's work effectively,</p> <ul style="list-style-type: none"> • Be receptive to owners' views and communicate these views to members of the board, • Keep in regular contact with the company's managing director and function as a discussion partner and support for the managing director, • See that the board in its work receives sufficient information and supporting data on which to base its decisions, • After consulting with the managing director, draw up proposals for the board meeting's agenda, • Verify that the board's decisions are implemented efficiently, and • See that the work of the board is evaluated annually and that the nomination committee is informed of the result of the evaluation. 	<p>appropriate,</p> <ul style="list-style-type: none"> • ensure that the board regularly updates and develops its knowledge of the company and its operations, • be responsible for contacts with the shareholders regarding ownership issues and communicate shareholders' views to the board, • ensure that the board receives sufficient information and documentation to enable it to conduct its work, • in consultation with the chief executive officer, draw up proposed agendas for the board's meetings, • verify that the board's decisions are implemented, and • ensure that the work of the board is evaluated annually. 	
3.5 Board Procedures	7 Board procedures	
	<i>The formal procedures for the work of the board of directors are to be stipulated by the board. These procedures are to be clear and well documented.</i>	The new introductory text includes parts of previous rule 3.5.1.
3.5.1 The board's statutory instructions in the form of its formal work plan, instruction to the managing	7.1 The board is to review the relevance and appropriateness of its formal work plan,	This rule has been shortened by moving some of its content to the introductory text. No change in

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
director and reporting instruction are to be tailored to the company's circumstances and are to be so clear, detailed and functional that they can serve as guiding documents for the board's work. At least once a year, the board is to review the relevance and currency of these instructions.	instructions to the chief executive officer and reporting instructions at least once a year.	substance.
3.5.2 The board may establish special committees to prepare the board's decisions in specific areas and, if the board considers it appropriate, to delegate certain decision-making powers to such committees. The establishment of committees must not cause the board to lose its overall view and control of the company's business activities. Nor must the board be any less well informed. The formal work plan of the board is to specify the duties and decision-making powers that the board has delegated to the committees and indicate how the committees are to report to the board. Committees are to keep minutes of their meetings and the minutes are to be communicated to the board.	7.2 If the board establishes special committees to prepare its decisions on specific issues, the formal work plan of the board is to specify the duties and decision-making powers that the board has delegated to these committees and how the committees are to report to the board. Committees are to keep minutes of their meetings and the minutes are to be made available to the board.	This rule has been shortened without changing its substance.
3.5.3 The board is to evaluate the work of the managing director on a regular basis. At least once a year, the board is to take up this matter. At that time, no one from senior management is to be present.	8.2 The board is to continuously evaluate the work of the chief executive officer. The board is to examine this issue formally at least once a year, and no member of the executive management is to be present during this formal evaluation process.	This rule has been reworded without changing its substance.
3.5.4 The board is not to take decisions on important matters that have not been placed on the agenda,		This rule has been removed, as the issue is covered by the legislation.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
unless the board unanimously decides to do so.		
3.5.5 The board is to be assisted by a board secretary who is not a member of the board.		This rule has been removed, as it is felt to be an unnecessary requirement for boards of small companies.
3.5.6 The minutes of the board are to be a clear representation of the matters discussed, the supporting material available for each item and the content of the decisions taken. The minutes are to be sent to directors as soon as possible after the board meeting.	7.3 The minutes of the board are to provide a clear representation of the matters discussed, the material supporting each item and the substance of the decisions taken. The minutes are to be sent to each member of the board as soon as possible following the board meeting.	Unchanged but retranslated.
	8 Evaluation of the board of directors and the chief executive officer	New heading.
	<i>Regular and systematic evaluation forms the basis for assessment of the performance of the board and the chief executive officer and for the continuous development of their work.</i>	New introductory text. For comments on Code rules 8.1 and 8.2, see previous rules 3.1.2 and 3.5.3.
3.6 Financial Reporting	10 The audit committee, financial reporting and internal controls	
<i>The board of directors is responsible for seeing that the company's financial reports have been prepared in accordance with the law, the relevant accounting standards and other requirements for listed companies.</i>	<i>The board of directors is responsible for ensuring that the company has good internal controls and formalised routines that ensure that established principles for financial reporting and internal controls are followed. The board is also responsible for ensuring that the company's financial reports are prepared in accordance with the law, relevant accounting standards and other requirements for</i>	The introductory texts to rules 3.6 to 3.8 have been shortened and combined into a joint introduction without any change in substance.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
	<i>listed companies.</i>	
<p>3.6.1 The annual report and interim reports are to make clear those parts that are formal financial statements, the regulatory regime on which they are based, and those parts of the annual report or interim report that are audited or reviewed by the company's auditors.⁵</p> <p>Footnote 5. Under IAS 1, financial statements refer to the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and a statement of accounting principles and notes.</p>		<p>This rule has been removed, as the requirement is now a part of the regulations concerning financial reporting.</p> <p>The footnote has been removed, as the concept of financial statement is defined in the International Financial Reporting Standards regulations.</p>
<p>3.6.2 The board of directors and the managing director, immediately before signing the annual report, are to certify that to the best of their knowledge, the annual accounts have been prepared in accordance with good accounting practices for a stock market company and that the information presented is consistent with the actual conditions and that nothing of material value has been omitted that would affect the picture of the company presented in the annual report.</p> <p>INSTRUCTION</p> <p>On 1 July 2007, new legislation came into force concerning certification statements for annual reports and half-yearly financial statements of stock</p>		<p>The rule has been removed, as this is now a legal requirement.</p>

Previous code	Revised code	Comments
exchange listed companies. Therefore, Code rule 3.6.2 is no longer to be applied for company reports from the fiscal year 2007 and onwards. See Board Instruction 1-2007.		
3.6.3 The company's six- or nine-month report is to be reviewed by the auditors.	10.4 The board of directors is to ensure that the company's six- or nine-month report is reviewed by the auditor.	The requirement has been reworded to reflect the fact that it is the board of directors that decides whether the review is to take place.
3.7 Internal Control and Internal Auditing		
<i>The board is responsible for the company's internal control, which has the general aim of protecting the shareholders' investment and the company's assets.</i>		The substance of the introductory text is now included in the introduction to the whole of section 10.
3.7.1 The board is to ensure that the company has a sound system of internal controls and keep itself informed of and assess how well it functions.		This rule has been removed. Its substance has been incorporated into the introduction to section 10.
3.7.2 The board is to submit an annual report on how that part of internal control dealing with financial reporting is organised and how well it has functioned during the most recent financial year. The report is to be reviewed by the company's auditors. INSTRUCTION For reports regarding 2006 and after, this rule will be applied as follows: The board is to submit an annual report on how that part of internal control dealing with financial reporting is organised. The report should be based on the	10.5 The board is to submit an annual report on the key aspects of the company's systems for internal controls and risk management regarding financial reports.	The Instruction has been incorporated into the rule, which is otherwise unchanged, but retranslated. The instruction's recommendation that the report be based on the guidelines devised by working groups from the Confederation of Swedish Enterprise and the Swedish Institute of Authorized Public Accountants (FAR-SRS) has been removed, as companies should be permitted to follow other guidelines or frameworks if they regard them as appropriate. The rule may need to be adapted in line with

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
<p>guidelines devised by working groups from the Confederation of Swedish Enterprise and the Swedish Institute of Authorized Public Accountants (FAR-SRS).</p> <p>The report need not include a statement on how well the internal control has functioned during the most recent financial year. A review of the report by the company's auditors is optional.</p> <p>The report should form a separate section of the company's corporate governance report. It should be clearly stated whether the report on internal control has been reviewed by the auditors. See Board Instruction 1-2006.</p>		<p>expected changes to the Annual Accounts Act regarding mandatory reports on internal controls when EC Directive 2006/46 is implemented.</p>
<p>3.7.3 The board in companies that do not have a special internal audit function is annually to evaluate the need of such a function and explain the position that it has taken in its report on internal control.</p>	<p>10.6 For companies that do not have a separate internal audit function, the board of directors is to evaluate the need for such a function annually and to justify its decision in its report on internal controls.</p>	<p>The substance of the rule remains unchanged, but the board's explanation of any decision not to conduct an internal audit will need to be reviewed by the auditors, as an auditor review of the report on internal controls is expected to be compulsory when EC Directive 2006/46 is implemented.</p>
<p>3.8 Accounting and Auditing Issues</p>		
<p><i>The board is responsible for seeing that the company has a formal and transparent system that ensures that the principles established for financial reporting and internal control are observed and that appropriate relations with the company's auditors are</i></p>		<p>The introductory text has been shortened and its substance has now been included in the joint introduction for the whole of section 10.</p>

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
<i>maintained.</i>		
3.8.1 The board is to document and present information on the manner in which the board ensures the quality of the financial reports and how it communicates with the company's auditors.		This rule has been removed, as it is regarded as unnecessary regulation in addition to the information required in the corporate governance report.
<p>3.8.2 The board is to establish an audit committee consisting of at least three directors. The majority of the audit committee members are to be independent of the company and senior management. At least one member of the committee is to be independent of the company's major shareholders. A board member who is part of senior management may not be a member of the committee.</p> <p>In companies with smaller boards, the entire board may perform the audit committee's tasks, provided that a director who is part of the senior management does not participate in the work.</p> <p>INSTRUCTION</p> <p>The board of directors may decide whether the size of the board means that it is more practical to carry out these duties within the board or through a separate committee. If deviation from the main rule occurs for reasons other than the size of the board, this is to be reported and explained. See Board Instruction 2-2006.</p>	<p>10.1 The board is to establish an audit committee consisting of at least three directors. The majority of the audit committee members are to be independent of the company and its executive management. At least one member of the committee is to be independent of the company's major shareholders. No board member who holds an executive management position is to be a member of the audit committee.</p> <p>If the board of directors feels it is appropriate, the entire board may perform the audit committee's tasks, providing that no director who is a member of the executive management participates in this work.</p>	<p>In anticipation of the implementation of EC Directive 2006/46, this rule has been left unchanged apart from adaptation to meet the requirements of the Instruction.</p> <p>No reference to the size of the board is required if the board feels it is more appropriate that the entire board perform the tasks of the audit committee.</p>

Previous code	Revised code	Comments
<p>3.8.3 The audit committee is to:</p> <ul style="list-style-type: none"> • Be responsible for the preparation of the board's work to ensure the quality of the company's financial statements, 6 • Meet regularly with the company's auditors to keep informed of the aims and scope of the audit work and to discuss co-ordination between external and internal audit and views on the company's risks, • Establish guidelines on other services in addition to audit that the company is allowed to procure from the company's auditors, • Evaluate the audit work and inform the company's nomination committee, or where appropriate, the separate nomination committee appointed to propose auditors, of the result of the evaluation, and • Assist the company's nomination committee in preparing nominations for auditors and recommendations on audit fees. <p>Footnote 6. To ensure the quality of the financial statements, the committee normally has to consider all critical accounting questions and the financial reports presented by the company. The committee is presumed to consider matters such as internal control, regulatory compliance, material uncertainty in reported values, uncorrected errors, post-statement events, possible improprieties and other</p>	<p>10.2 The audit committee is to:</p> <ul style="list-style-type: none"> • be responsible for the preparation of the board's work to ensure the quality of the company's financial statements,⁴ • meet the company's auditor regularly to remain updated on the aims and scope of the audit, as well as to discuss co-ordination between external and internal audits and views on the company's risks, • establish guidelines on services other than auditing that the company may procure from the company's auditor, • evaluate the auditing work and inform the company's nomination committee of the results of this evaluation, and • assist the company's nomination committee in preparing nominations for the post of auditor and recommendations on fees for auditing services. 	<p>In anticipation of the implementation of EC Directive 2006/46, this rule has been left unchanged but retranslated.</p>

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
circumstances that may affect the quality of the financial statement information.		
3.8.4 At least once a year, the board is to meet the company's auditors without the managing director or any other company executive being present.	10.3 At least once a year, the board is to meet the company's auditor without the chief executive officer or any other member of the executive management present.	Unchanged but retranslated.

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
4 Company Management		This section has been removed, along with the introductory text and the footnote.
4.1 The Managing Director's Duties		
<i>Whether or not the managing director is a member of the board, he or she has a special role in the work of the board. As part of this role, the managing director reports to the board on the company's progress, submits reports and recommendations on matters prepared by company management and provides the board with information on which it bases its work.</i>		
4.1.1 The managing director is to see that the board gets as objective, full and relevant an information basis as it requires to make well-founded decisions and that the board is kept informed of the progress of the company's business operations between board meetings.		This rule has been removed. Its substance is now included in the introductory text to section 5.
4.1.2 The board is to approve any significant professional commitments of the managing director outside the company.	3.2 The board is to approve any significant assignments the chief executive officer has outside the company.	This rule has been reworded without any change in substance.
4.2 Senior Management Remuneration	9 Board and executive management remuneration	This sections deals with decision processes regarding remunerations to the executive management and the board of directors.
<i>The board is responsible for seeing that the company has a formal process, which is transparent for all board members, for establishing the company's policy for remuneration and other terms of</i>	<i>The company is to have formal and clearly stated processes for deciding on remunerations to members of the board and executive management.</i>	The first part of the introductory text has been shortened. The rule now also covers remunerations to members of the board. As in the introductin to section 2, the term <i>transparent</i> has been changed to

Previous code	Revised code	Comments
<p><i>employment for senior management and for deciding the managing director's remuneration and other terms of employment.</i></p>		<p><i>clearly stated.</i></p> <p>The second part has been removed, as it is regarded as an unnecessary reference to the legal requirements.</p>
<p>4.2.1 The board is to establish a remuneration committee with the task of preparing proposals on remuneration and other terms of employment for senior management. The chair of the board may chair the remuneration committee. The other members of the committee are to be independent of the company and senior management. In companies with smaller boards, the entire board may perform the remuneration committee's tasks, provided that a director who is also part of the senior management does not participate in the work.</p> <p>INSTRUCTION</p> <p>The board of directors may decide whether the size of the board means that it is more practical to carry out these duties within the board or through a separate committee. If deviation from the main rule occurs for reasons other than the size of the board, this is to be reported and explained. See Board Instruction 2-2006.</p>	<p>9.1 The board is to establish a remuneration committee with the task of preparing proposals on remuneration and other terms of employment for the executive management.</p> <p>The chair of the board may chair the remuneration committee. The other members of the committee are to be independent of the company and its executive management.</p> <p>If the board of directors feels it is more appropriate, the entire board may perform the remuneration committee's tasks, on condition that no director who is also a member of the executive management participates in this work</p>	<p>This rule has been adapted to the content of the instruction. However, no reference to the size of the board is required if the board feels it is more appropriate that the entire board perform the tasks of the remuneration committee. The rule remains otherwise unchanged.</p>
<p>4.2.2 The board is to present a proposal for the company's policy on remuneration and other terms of employment for senior management to the annual</p>		<p>This rule has been removed. As stated in the instruction, the corresponding rule is now part of the Companies Act.</p>

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
<p>general meeting for its approval. The proposal is to be posted on the company's web site in connection with the notice of the shareholders' meeting. The policy is to include:</p> <ul style="list-style-type: none"> • The relative importance of fixed and variable components of the remuneration and the linkage between performance and remuneration, • The principal terms of bonus and incentive schemes, • The principal terms of non-monetary benefits, pension, notice of termination and severance pay, and • The members of senior management covered by the terms. <p>The proposal is to state whether the terms recommended differ significantly from the policy approved earlier by the shareholders' meeting and how matters of senior management remuneration are prepared and decided by the board.</p> <p>INSTRUCTION</p> <p>Chapter 7, sections 61-62 and chapter 8, sections 51-54 of the Swedish Companies Act regulates shareholders' meetings decisions on remuneration of the senior management of a Swedish listed company. This stipulation replaces Code rule 4.4.2</p>		

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
for such companies. See Board Instruction 3-2006.		
<p>4.2.3 The shareholders' meeting is to decide all share and share price incentive schemes for senior management. The decision is to specify the maximum number of instruments that may be issued, the main terms of the allocation, the main terms and principles to be observed when estimating the value of the instrument and the latest date on which the instrument can be issued or transferred to senior management.</p>	<p>9.2 The shareholders' meeting is to decide on all share- and share-price-related incentive schemes for the executive management.</p> <p>Members of the board are not to participate in share and share-price related incentive schemes designed for executive management or other employees of the company. If such a scheme is designed solely for the board, it must be approved by the shareholders' meeting.</p> <p>The decision of the shareholders' meeting is to include all the principle terms of the scheme.</p> <p>Background material and documentation pertaining to the proposed scheme is to be made available to shareholders in good time before the shareholders' meeting. The material is to be clear and simple enough to allow shareholders to form an opinion on the reasons for the scheme, the principle terms of the scheme and any dilution of the share capital that may result from it, as well as the total cost to the company of different conceivable outcomes.</p>	<p>This rule means that previous rules 2.2.7 (on incentive schemes for members of the board) and 4.2.3 (on incentive schemes for the executive management) are now combined into a single rule.</p> <p>The rule has been simplified with regard to specification of the terms of any such scheme. Instead, a requirement regarding simplicity of background material and documentation has been added, as well as requirements that any dilution and the costs of the scheme are to be clearly stated. There is also a new requirement that the shareholders be given the opportunity to form an opinion on the scheme in good time before the shareholders' meeting.</p>

Previous code	Revised code	Comments
5 Information on Corporate Governance	11 Information on corporate governance	
	<i>The board of directors is to inform shareholders and the capital market annually regarding corporate governance functions in the company and how the company applies the Swedish Code of Corporate Governance. This information is to be published in a corporate governance report and on the company's web site.</i>	The new introductory text emphasises transparency of corporate governance towards the shareholders and the capital markets. The implementation of EC Directive 2006/46 is expected lead to changes in the Annual Accounts Act making corporate governance reports mandatory, as well as stipulating requirements concerning the content of the report and auditor review thereof.
5.1 Corporate Governance Report		
5.1.1 A special report on corporate governance is to be attached to the company's annual report. The report is to include a statement on whether or not the company's auditors have reviewed it .7 Footnote 7: The report may be included in the printed annual report or constitute a separate report but it is not part of the formal financial statements.		The substance of this rule has been moved to rule 11.1.
5.1.2 In the corporate governance report, the company is to state that it is applying the Code and give a brief description of how this has been done in the most recent financial year. The company is to indicate where it has departed from the rules in the Code. The reasons for each departure are to be	11.1 The company is to produce a corporate governance report in conjunction with its annual accounts. ⁵ In the corporate governance report, the company is to state clearly which Code rules it has not complied with, describe the solution it has adopted instead and explain the reasons in each case. The report is to include a statement on which parts	This rule contains previous rules 5.1.1 and 5.1.2. The requirement to state in general how the Code has been applied is deemed unnecessary and has therefore been removed. The requirement for the corporate governance report to include explanations of any non-compliance with

<i>Previous code</i>	<i>Revised code</i>	<i>Comments</i>
clearly explained.	<p>have been reviewed by the company auditor.</p> <p>Footnote 10: [Section 9, paragraph 31 of the Swedish Companies Act (2005:551)] states that the auditor is to ensure that the corporate governance report has been written. An auditor review is only required for the section on internal controls and certain other parts of the report, as stated in section [6, paragraph 6 of the Swedish Annual Accounts Act (1995:1554)].</p>	<p>the Code is expected to be included in the legislation when EC Directive 2006/46 is implemented. Furthermore, a new requirement that the company describe the alternative solution it has chosen has been included.</p> <p>Previous rule 5.1.1 states that the report is to include a statement on whether or not the company's auditors have reviewed it. According to EC Directive 2006/46, the auditor is to check that the report has been produced, but any review of its contents is largely voluntary.</p> <p>The rule introduces a new requirement to state clearly which parts of the corporate governance report have been reviewed by the company auditors.</p>
5.1.3 The corporate governance report is to present information on the manner in which the board ensures the quality of the financial reports and communicates with the company's auditors in accordance with 3.8.1.		This rule has been removed, (see comment at previous rule 3.8.1).
<p>5.1.4 The corporate governance report is also to provide the following information, if it is not included in the annual report:</p> <ul style="list-style-type: none"> • A statement explaining the procedures leading to the appointment of the board of directors and auditors, • The composition of the company's nomination 	<p>11.2 The following is to be included in the corporate governance report if it is not presented elsewhere in the annual report:</p> <ul style="list-style-type: none"> • The composition of the company's nomination committee. If any member of the committee has been appointed by a particular owner, the name of this owner is also to be stated, 	<p>The following material changes to this rule have been made:</p> <ul style="list-style-type: none"> - a statement explaining the procedures leading to appointments to the board etc is deemed unnecessary and the requirement has therefore been removed. - information on auditors is no longer required, as

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<p>committee and where appropriate, a separate nomination committee appointed to propose auditors. If a member of such a committee has represented a particular owner, that owner's name is to be stated,</p> <ul style="list-style-type: none"> • For each member of the board, the information to be provided in accordance with the points listed in 2.2.3, • For auditors, the information to be provided in accordance with the first and second sentences of 2.3.3, • The division of work among directors and a statement on how the work of the board was conducted during the most recent financial year, including the number of board meetings and each member's attendance at board meetings, • The composition, tasks and decision-making authority of board committees, if any, and each member's attendance at committee meetings, • For the managing director: <ul style="list-style-type: none"> – Age and principal education and work experience, – Significant professional commitments outside the company, – His or her own holdings of shares and other financial instruments in the company or those 	<ul style="list-style-type: none"> • the information on each member of the board that is required by Code rule 2.6, • the division of work among members of the board and a statement on how the work of the board was conducted during the most recent financial year, including the number of board meetings held and each member's attendance at board meetings, • the composition, tasks and decision-making authority of any board committees, and each member's attendance at the respective committee's meetings, • for the chief executive officer: <ul style="list-style-type: none"> – Age, principal education and work experience, – significant professional commitments outside the company, – holdings of shares and other financial instruments in the company or similar holdings by related natural or legal persons, as well as shareholdings and part ownership in enterprises with which the company has significant business relations, • any infringement of the stock exchange rules applicable to the company, or any breach of good practice on the securities market reported by the relevant exchange's disciplinary committee or the Swedish Securities Council during the most recent 	<p>this requirement is expected to be included in the legislation when EC Directive 2006/46 is implemented.</p> <ul style="list-style-type: none"> - regarding shares and other financial instruments held by the chief executive officer, any such investments held by related natural or legal persons, as well as shareholdings and part ownership in enterprises with which the company has significant business relations, must also be declared. - information regarding remuneration policy etc is no longer required. As is stated in the Instruction, the equivalent requirements already exist in the Companies Act. The requirement to report how remuneration issues are handled by the board is regarded as unnecessary and has been removed, even though the equivalent requirement is not found in the Companies Act. - The requirement to provide information on outstanding share and share-price incentive schemes has been removed, as this is to be reported on the company's website in accordance with Code rule 11.3. - a new requirement to report any infringement of the stock exchange agreement applicable to the company or any breach of accepted practice on the stock exchange has been

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<p>holdings by related natural or legal persons,</p> <p>– Material shareholdings and part ownership in enterprises with which the company has business ties,</p> <ul style="list-style-type: none"> • The policy on remuneration and other terms of employment for senior management approved at the most recent shareholders' meeting and, in the event of significant differences from the preceding year's terms, a statement of what these differences are and the procedures followed by the board in preparing matters of remuneration for senior management, and <p>INSTRUCTION</p> <p>The first part of this point need not be applied by Swedish listed companies, as these are obliged to provide information regarding guidelines for remuneration in the statutory management report, as stipulated in chapter 6, section 1 a of the Annual Accounts Act. See Board Instruction 3-2006.</p> <ul style="list-style-type: none"> • Outstanding share and share-price incentive schemes for the board and senior management. 	<p>financial year,</p> <ul style="list-style-type: none"> • a separate section containing the board's description of internal controls and risk management regarding financial reports, in accordance with Code rule 10.5. 	<p>introduced,</p> <ul style="list-style-type: none"> - the requirement to include a separate section on internal controls and risk management has been included here. Previously, rule 5.2.1 required a separate report. <p>Elsewhere, the rule has been shortened and adapted to other parts of the Code.</p>
5.2 Report on Internal Controls		
5.2.1 The board's report on internal controls and the auditors' review of this report is to be appended to the company's annual report in accordance with 3.7.2.8		The requirement to produce a report on internal controls is now included in modified form in the seventh point of Code rule 11.2. The rest of the rule has been removed in anticipation of the

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<p>Footnote 8 This report may also be included in the printed annual report or constitute a separate report but it is not part of the formal financial statements.</p> <p>INSTRUCTION</p> <p>For reports on 2006 and after, the report on internal control is to be included as a separate section of the corporate governance report. It should be clearly stated whether this section has been reviewed by the company's auditors. See Board Instruction 1-2006.</p>		implementation of EC Directive 2006/46.
5.3 Information on the Company's Web Site		
<p>5.3.1 The company is to have a special section on its web site for corporate governance matters. This section is to provide up to date information on the state of corporate governance in the company that is included in the corporate governance report, together with other information as required under the Code.⁹</p> <p>Footnote 9: Companies that apply the Code should see that the information on corporate governance is easily accessible to shareholders and other interested parties by assembling this information in one place on the company's web site. It is important to keep this information reasonably up to date. Among other things, this means that much of the information called for under the requirements for the corporate governance report in 5.1 should be made available on the company's web site before the</p>	<p>11.3 The company is to have a section of its web site devoted to corporate governance matters, where the company's most recent corporate governance report and its current articles of association are to be made available, along with any other information required by the Code⁶.</p> <p>The corporate governance section of the web site is also to include up to date information regarding</p> <ul style="list-style-type: none"> - members of the board, the chief executive officer and the auditor, - a detailed account of each outstanding share- and share-price-related incentive scheme. <p>Information that is updated within seven days of any changes made or becoming known to the company</p>	<p>This rule has been changed as follows:</p> <ul style="list-style-type: none"> - the general requirement to report up to date information on the issues covered by the corporate governance report on the company web site has been removed, as well as the footnote, - rules equivalent to those previously in the the stock exchange agreements regarding the most recent corporate governance report and up to date information on the board of directors, the chief executive officer, the auditors and all outstanding incentive programmes have been introduced. The Board's proposal to include information on major shareholders has not been included in the revised version of the Code.

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corporate governance report is published in conjunction with the annual report. The information on the web site should be updated at least after every shareholders' meeting and in connection with the issuance of the interim reports.	is to be regarded as up to date.	