SWEDISH
CORPORATE
GOVERNANCE BOARD

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Gender balance on the boards of listed companies

Since its introduction, the Swedish Corporate Governance Code has stipulated that the composition of the boards of stock exchange listed companies are to be characterised by diversity and a broad range of skills, experience and backgrounds, and that equal gender distribution is to be an aim. Nomination committees are to consider the Code's stipulation on gender balance in their reports. Today, the Swedish Corporate Governance Board presents tighter regulation in the Swedish Corporate Governance Code, with the aim of improving the gender balance on the boards of listed companies.

"It is the sincere belief of the Corporate Governance Board that these rule changes will further increase the proportion of women on the boards of listed companies as a whole so that companies will achieve a considerably improved gender balance by 2020", says Arne Karlsson, the Board's Chair.

"We have already seen a general increase in the number of women on the boards of listed companies to approximately 30 per cent in larger companies and around 25 per cent on average. The Board believes, however, that this change is happening too slowly and has seen that many nomination committees do not comply with the Code requirement to explain their proposals with regard to gender balance. We want shareholders to drive the development towards a 40 per cent share for the least represented gender on listed company boards by 2020. Larger corporations should achieve a level of 35 per cent by 2017, while smaller companies should be approaching 30 per cent by then."

The Corporate Governance Board has decided upon three strategic initiatives in order to achieve an acceptable gender balance on the boards of listed companies as a whole, with variations between individual companies depending on their particular circumstances:

1. Clearer principles. Good corporate governance is a question of ensuring that companies are run sustainably and responsibly on behalf of their shareholders in order to gain the confidence of legislators and the general public and that they are run efficiently in order to attract investment capital. In this way, the corporate sector secures its freedom to develop and its supply of venture capital and competence. A broader recruitment base provides good conditions for companies to develop in the best possible ways.

2. Tighter regulation. Nomination committees are led by shareholders and they will now be required to

- analyse the board evaluation in a gender balance perspective,
- explain and justify their proposed candidates to positions on the company board against the background of the Code's requirement to seek an equal gender distribution on the board in connection with the notice of the shareholders' meeting,
- report to the shareholders' meeting on how they have worked to try to achieve an equal gender distribution on the board, making it an agenda item at the shareholders' meeting.

3. Supporting activities. The Corporate Governance Board will run a number of activities together with major shareholders and nomination committees. The Board intends to monitor closely that the rules are having the desired effect and is prepared to consider further measures.

"It is our assumption that shareholders with ambitious gender equality policies will welcome these rule changes, and that shareholders and companies will take the new rules extremely seriously. This is a shared responsibility to show that self regulation is an effective system," says Arne Karlsson.

"Improving the standing of women in companies goes beyond the election of directors to boards. Many listed companies run ambitious gender equality programmes to broaden their recruitment bases for leading positions and directorships, and I hope more will follow suit."

The new rules can be found in full on the Corporate Governance Board's website. They will come into force no later than 1 January 2015, together with other revisions to the Code that the Board has been working on

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