



30 May 2014

Revisions to the Swedish Corporate Governance Code

I. The Swedish Code on Corporate Governance

1. Aims

Good corporate governance is a question of ensuring that companies are run **sustainably and responsibly** and as efficiently as possible on behalf of their shareholders. **The belief among legislators and the general public that companies act responsibly is crucial if companies are to have the freedom to fulfil their strategies to create value.** The confidence of existing and potential shareholders that **companies are also run efficiently** is crucial to their interest in investing in companies. **In this way, corporate Sweden secures its freedom to develop and its** supply of risk capital **and competence.**

The aim of the Swedish Corporate Governance Code is...

II. The Swedish corporate governance model

1. The ownership role

The preparatory documents to the Swedish Companies Act emphasise the importance of active ownership. Shareholders provide the business sector with risk capital, but they also contribute to the efficiency and dynamism of individual companies and the business sector in general by buying and selling shares, as well as by participating in and exercising influence at shareholders' meetings. Active shareholder participation promotes a healthy balance of power between owners, the board and the executive management.

The shareholders place their own demands on the companies in which they have proprietary responsibility. In recent years, increasing numbers of investors have begun to regard issues such as sustainability, diversity and gender equality, as well as public, customer and employee trust in the company, as essential to the commercial success of their companies

Ownership structure on the Swedish stock market differs...

III. Rules for corporate governance

Rule 2.1

The company is to have a nomination committee.

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.

In its assessment of the board and in its proposals, the nomination committee is to pay particular attention to the Code rule 4.1, which states that it is to consider the diversity and breadth of qualifications, experience and background among the members of the board and to strive for equal gender distribution. The nomination committee is also to make proposals on the election and remuneration of the company auditor.

Rule 2.6

The nomination committee's proposals are to be presented in the notice of a shareholders' meeting where the election of board members or the auditor is to be held and on the company's website.

When the notice of the shareholders' meeting is issued, the nomination committee is to issue a statement on the company's website 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. **The nomination committee is to explain in particular how its proposal aligns with the requirement set out in Code rule 4.1 that it is to strive for equal gender distribution.** If the outgoing chief executive officer is nominated for the post of chair, reasons for this proposal are also to be fully explained.

The following information on candidates nominated for election or re-election to the board is to be posted on the company's website:

- 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, in accordance with Code rules 4.4 and 4.5, deems the candidate to be independent of the company and its senior management, as well as of major shareholders in the company. Where circumstances listed respectively in paragraph 2, bullets 1 to 7 of 4.4 and the first sentence in paragraph 2 of 4.5 exist, the nomination committee is to justify its position regarding candidates' independence,
- in the case of re-election, the year that the person was first elected to the board.

Rule 2.7

At a shareholders' meeting where the election of board members or the auditor is to be held, the nomination committee is to give an account of how it has conducted its work and explain its proposals **in consideration of the requirements set out in Code rule 4.1. The nomination committee is to explain in particular how its proposal aligns with the requirement set out in Code rule 4.1 that it is to strive for equal gender distribution.**