



Press release, 24 June 2013

**The Swedish Corporate Governance Board's Annual report 2013:
Nomination committees are not applying Code rules on gender
equality**

For the first time since the introduction of the Swedish Corporate Governance Code, the Swedish Corporate Governance Board notes a deterioration in companies' corporate governance reporting. Nomination committees at 8 out of 10 companies have neglected to comment on the gender balance among their nominees to the company board, despite this being a requirement in the text of the Code.

As part of the Corporate Governance Board's follow up of how the Code was applied in 2012, 247 listed companies have been examined. These companies rarely exercised the option to deviate from the rules of the Code allowed by the comply or explain principle, and the Board maintains that more companies should test whether their own solutions are better suited to the needs of the company than the standard solutions contained in the Code.

The Board's report finds that the information value of those explanations that were provided has declined for the first time. This is also the case for other statements and material issued by the companies. Many of them do not provide sufficient information about their incentive programmes and remuneration to the executive management on their web sites, and they do not report on any board evaluation of company remunerations. Despite this worsening situation, Swedish companies still provide very good information on corporate governance compared with that of many other countries.

The Board finds that nomination committees' explanations of their proposals are insufficient in most cases, and sometimes even non-existent. Almost 80 per cent of the companies fail to offer any statement on the gender balance in their proposals, even though this is a Code requirement.

“What shareholders need to know is whether the nomination committee has made a real effort to find suitable candidates to the board in all areas of competence,” says Björn Kristiansson, Executive Director of the Corporate Governance Board. “Of companies fail to take the hotly debated issue of gender equality seriously, there is a genuine risk that quotas will be introduced by law.”

The Board's annual report also shows how the Board has been active in its efforts to resist and simplify rules emanating from the European Union. The action plan on corporate governance presented by the European Commission in December 2012 contains a number of proposals that the Commission would like to see implemented before its term ends in the autumn of 2014. The Board is prepared to influence this process in order to safeguard the Swedish corporate governance model and the role of self regulation.

“The benefits of any new regulation must be greater than the costs,” says Hans Dalborg, Chair of the Swedish Corporate Governance Board, “but the European Commission’s initiatives within corporate governance do not fulfil this requirement.”

In PERSPECTIVES, the debate section of the Board’s annual report, Cristina Stenbeck gives her views on corporate governance within the Kinnevik Group. She discusses issues such as the problems with the Leo rules designed to prevent misuse of private share placements, board quotas and the board’s accountability for remunerations when these are decided by the shareholders’ meeting. Karin Thorburn, a Swedish researcher and professor at the Norwegian School of Economics, presents a summary of the results of research on women on company boards. The section ends with an article by Mats Isaksson, Head of Corporate Affairs at the OECD, which analyses what issues rule makers should be interested in if they wish to create future prosperity. These ideas have had a major impact in Europe and are on their way to starting a debate on the future of corporate governance.

The Swedish Corporate Governance Board’s annual report can be read in full at the Board’s website, www.corporategovernanceboard.se.

For more information, please contact

Björn Kristiansson, Executive Director
Tel: +46 760 00 00 78
bjorn.kristiansson@bolagsstyrningskollegiet.se

Hans Dalborg, Chairman
Tel: +46 8 614 78 01