



28 October 2014

## INSTRUCTION 1-2014

**On 1 January 2015, a number of revisions to rules in the Swedish Corporate Governance Code (“the Code”) will come into force. This is a result of initiatives taken by the Swedish Corporate Governance Board (“the Board”) on the subject of gender balance on the boards of directors of listed companies. The revisions to the Code rules are listed below.**

On 30 May 2014, the Board announced a number of initiatives to improve the gender balance on the boards of directors of listed companies. These included a number of revisions to the Code, such as changes in the aims of the Code and new rules concerning the work of nomination committees. When this announcement was made, the Board stated that the new rules would be applicable from the same date as other adjustments to the Code currently being assessed by the Board, and no later than 1 January 2015. As the work on revising other parts of the Code is not yet complete, this instruction is being issued now in order to ensure that the revisions listed below can come into force on 1 January 2015.

### REVISED RULES

#### I. The Swedish Corporate Governance Code

##### 1. Aims

Good corporate governance is a question of ensuring that companies are run as [sustainably, responsibly and](#) 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 enjoy the freedom to fulfil their strategies in order to create value.](#) The confidence of existing and potential shareholders that such is the case is crucial to their interest in investing in companies, thus [ensuring the Swedish corporate sector’s freedom to grow and develop and securing its supply of venture capital and competence.](#)

The aim of the Swedish Code...

#### 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 set their own requirements for the companies for which they have ownership responsibility. In recent years, increasing numbers of investors have come to\*](#)

[regard the views of society in general, as well as those customers and employees, as conditions for 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's evaluation and in its proposals in accordance with rule 4.1, the nomination committee is to give particular consideration to the requirements regarding breadth and versatility on the board, as well as the requirement to strive for gender balance.](#)

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 the shareholders' meeting 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 committee is to provide specific explanation of its proposals with respect to the requirement to strive for gender balance contained in 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.

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 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 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 [with regard to the requirements concerning composition of the board contained in rule 4.1](#). The committee is to provide specific explanation of its proposals with respect to the [requirement to strive for gender balance contained in rule 4.1](#).