

Press release, 1 October 2015

## **Revised Corporate Governance Code comes into force on 1 November 2015**

**Following broad consultation with its users, a number of minor revisions have been made to the Swedish Corporate Governance Code. Demands for individual ballots and vote counts at board elections have led the Swedish Corporate Governance Board to present a position paper, which deals with this issue in detail**

Among the revisions to the Code are the following:

- Members of nomination committees are to consider possible conflicts of interest before accepting the appointment.
- A sustainability perspective is included in the tasks of the board of directors. The board is to establish relevant guidelines for the company's social responsibility with the aim of ensuring its long-term capacity for value creation and it is given broader responsibility for internal controls.
- The board of directors is given responsibility for internal controls beyond financial reporting, even though the requirements are linked to the latter. Corporate governance reports are to describe the board's measures for following up internal controls in connection with financial reporting and that the process of reporting to the board works.
- The nomination committee is to receive the full results of the board evaluation and the corporate governance report is to state how the board evaluation was conducted and reported.
- The section on remuneration has been simplified, e.g. the rule stipulating that directors of the board are not to receive warrants with a requirement that programmes aimed at the board are to be devised by the company's shareholders and promote long-term share ownership.

Proposals from a number of foreign institutional investors regarding compulsory individual ballots and vote counts at the election of directors have not led to any changes in the Code. The Corporate Governance Board appreciates the international investors' commitment to respect Swedish corporate governance and the rules of the Swedish Code and has carefully considered the views they have expressed. In light of the opportunities afforded by Swedish company law and the well-functioning processes currently practised by companies and their nomination committees, the Board finds insufficient grounds for introducing into the Code rules which prescribe individual ballots or the automatic counting of votes at the election of directors. The Board's conclusions were presented in a position paper.

The Code was last revised in 2009 and the current version came into force on 1 February 2010. In view of the amount of time that has elapsed since the previous review, the Board arranged several round-table meetings, conducted an open consultation process and organised a high-level symposium in 2013 to examine the need for changes to the rules. Since 2010, the Board has issued four instructions that need to be implemented in the Code. Changes to the rules of the stock exchanges also meant that a revision of the Code was necessary.

"Our round-table discussions and the consultation process showed that the users of the Code are satisfied on the whole, but they pointed out some flaws that we have now resolved," says Arne Karlsson, Chair of the Swedish Corporate Governance Board.

On 5 June 2015, a proposed text for the revised Code was published for open consultation until 1 September 2015. Over fifteen consultation responses were received and these were compiled and analysed by the Board.

A further reason for the revision is the European Commission's continued work with corporate governance issues, which has produced a number of regulatory proposals. The Code has been adapted to the EU recommendation on the quality of corporate governance reporting, but adaptation

to other forthcoming EU regulations will be needed as soon as these have been implemented into Swedish law.

“The forthcoming EU rules justify continued work on Code revisions, which will also take into account the views expressed in the latest round of consultations that have not been entirely addressed yet,” says Björn Kristiansson, the Board’s Executive Director.

The revised Code and the Board position paper are available at [www.bolagsstyrningskollegiet.se](http://www.bolagsstyrningskollegiet.se)

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