



## APG Asset Management

Mr Arne Karlsson  
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Subject: **Individual director (re-)elections**

Dear Mr Karlsson,

The undersigned investors manage assets for their clients and beneficiaries worth EUR 5.8 trillion and have been long-term shareholders in Swedish companies for many years. We recognise the many good corporate governance principles and practices which the Swedish Corporate Governance Code ("the Code") has brought since it was first introduced, whilst also appreciating the importance of regular review to ensure the Code continues to meet the needs and expectations of companies and investors.

Therefore, we are writing to you in your capacity as Chairman of the Swedish Corporate Governance Board to address our concerns about the bundled form in which the (re-)election of directors is put to shareholders vote at the Annual General Meetings ("AGMs") of the majority of Swedish listed companies.

The right to vote is an essential component of a well-functioning corporate governance system and we therefore exercise this right whenever possible at all companies in which we invest. The board of directors represents and acts on behalf of the company's shareholders. The right to vote on specific matters including the election of individual directors is an important means for shareholders to hold them personally accountable by expressing support or concerns with regard to the way each director fulfills his/her duties. In our view, the Swedish practice of bundling some types of resolutions, be it audit appointment and director elections and/or the bundling of election of several directors undermines this fundamental shareholder right and therefore, more broadly, limits shareholders in adequately and effectively using their voting rights.

We are aware of the Swedish market culture of consensus decision making and collective support of the board of directors. Similarly, we recognise and generally support the role of the election (or nomination) committee where a company's largest shareholders propose the members and chairman of the board of directors. The right of shareholders of Swedish companies to request individual director elections and Individual Vote Count (IVC) at AGMs<sup>1</sup> does not sufficiently mitigate the issue of bundled director elections since it requires shareholders to attend or be represented at the AGM which poses a practical barrier, especially for foreign investors, to use this right. Moreover if IVC is requested at the AGM, institutional investors that vote their shares by proxy through the custody voting chain in advance of the AGM will not

<sup>1</sup> As also mentioned in the new footnote 2 under chapter II.2 of the proposed revision of the Swedish Corporate Governance Code.

be able to submit their votes on the individual directors because their deadlines for proxy voting will have passed by then. Therefore in our view, IVC should be the standard and not the exception.

To our knowledge, there are no legal, regulatory or bylaw impediments that hinder Swedish companies from instituting a policy of IVC. Also, we note that the Code states that its main emphasis is on company boards in their role as central players in corporate governance and that it defines a norm for good corporate governance at a more ambitious level than the minimums specified in the Swedish Companies Act and other statutory regulation.

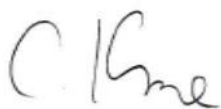
Based on the above considerations and to improve corporate governance standards in the Swedish market, we would like to encourage you to consider introducing a rule for Swedish listed companies in the Code to enable shareholders – voting either by proxy or in person – to submit their votes on the individual election of the members of the board of directors at the earliest opportunity. Similarly, we contacted a number of our Swedish investee companies urging them to institute a policy of individual director elections.

In our view the Swedish Corporate Governance Board can send a strong signal that it recognises and supports global corporate governance best practices and improve the ability of investors in Swedish companies to exercise their rights as shareholders. Furthermore, allowing shareholders of Swedish listed companies to vote on the individual election of directors will improve Swedish corporate governance standards and increase the attractiveness of the Swedish market for foreign investors.<sup>2</sup>

If this is of interest, we would welcome an opportunity to exchange views and to discuss this matter and the strategic ambitions of the Swedish Corporate Governance Board in the context of good governance.

For any questions about this letter or to arrange a follow up, please contact Mirte Bronsdijk on [mirte.bronsdijk@apg-am.nl](mailto:mirte.bronsdijk@apg-am.nl) or +31 (0)20 604 8145.

Yours sincerely,



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Managing Director Governance & Sustainability  
APG Asset Management N.V.  
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Nathan Leclercq  
Head of Corporate Governance  
Aviva Investors  
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<sup>2</sup> Foreign investors currently hold on average about 40% of the shares of listed Swedish companies.



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A handwritten signature in black ink, appearing to read 'Dr Daniel Summerfield'.

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