

29 November 2019

Revised Corporate Governance Code comes into force on 1 January 2020

Today, the Swedish Corporate Governance Code presents a revised version of the Swedish Corporate Governance Code. The revised Code is applicable from 1 January 2020.

The main revisions to the Corporate Governance Code are as follows:

- For Swedish listed companies, the implementation of the directive on amendments to the shareholders' rights directive means that the number of positions in a company covered by the Swedish Companies Act's rules on remuneration guidelines is reduced to include just board directors, the CEO and the deputy CEO. In order to ensure that transparency and shareholders' influence regarding the remuneration guidelines are not impaired, supplementary rules have been introduced through the revised Corporate Governance Code which mean that the shareholders' meeting's decision on remuneration guidelines is also to apply to other members of the company's executive management, in accordance with the practice developed under the previous provisions in the Companies Act.
- Prior to the Code's revision, there were calls for some clarification regarding the company boards' responsibility for sustainability issues and the work of the nomination committee. The revised Corporate Governance Code emphasizes the responsibility of boards of directors to identify the ways in which sustainability issues impact the company's risks and business opportunities. It also underlines the responsibility of nomination committee members to consider whether they are subject to any conflicts of interest before accepting the assignment. In addition, a codification of established market practice has been conducted, which means that the shareholders' meeting is to set and publish the company's instructions to its nomination committee.

The revised Corporate Governance Code introduces the changes that the Swedish Corporate Governance Board considers necessary to manage the market's expectations that self-regulation will supplement the new rules on remuneration guidelines and remuneration reports. As previously announced, parallel with the Code review, the Board has begun work on a new recommendation on remuneration in listed companies, with the aim of combining relevant rules and practices into a coherent recommendation. Work on the new recommendation will include a detailed review of what the rules on compensation should look like. The results of this part of the work are expected to be published in the second half of 2020.

The revised Corporate Governance Code comes into force on 1 January 2020, with some transitional rules for the parts of the Code that relate to the rules on remuneration reports. These rules come into force in 2021 at the same time as the amendments to the Swedish Companies Act's rules on remuneration reports.

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The revised Swedish Corporate Governance Code, along with comments on the changes that have been made, is available on the Swedish Corporate Governance Board's website, www.bolagsstyrning.se.

For further information, please contact:

Björn Kristiansson - bjorn.kristiansson@bolagsstyrningskollegiet.se +46 (0)76-770 37 47;

Tobias Hultén - tobias.hulten@bolagsstyrningskollegiet.se.

The Swedish Corporate Governance Board is one of four bodies that constitute the Association for Generally Accepted Principles in the Securities Market, which oversees self-regulation within the securities market. For more information, see www.godsedpavpmarknaden.se.

Väpnargatan 8, 114 51 STOCKHOLM
www.godsedpavpmarknaden.se