



Stockholm, October 20, 2022

To the OECD Directorate for Financial and Enterprise Affairs

per email to

CorporateGovernance&CorporateFinance@oecd.org

Response to the Public Consultation on the Review of the G20/OECD Principles of Corporate Governance

Comments by the Swedish Corporate Governance Board and the Swedish Stock Market Self-Regulation Committee

The Swedish Corporate Governance Board (the “Board”) and the Swedish Stock Market Self-Regulation Committee (the “Committee”) are two self-regulatory bodies on the Swedish securities market, responsible for the Swedish Corporate Governance Code and self-regulation on the Swedish securities market. For further information, see https://www.bolagsstyrning.se/__3701 and https://regelkommitten.se/start-page__150.

The OECD Corporate Governance Committee is conducting a public consultation on revisions to the G20/OECD Principles of Corporate Governance (the “Principles”). The overall objective of the review is to update the Principles in light of recent evolutions in capital markets and corporate governance policies and practices. An important overarching aim of the revision is to support strengthened corporate sector resilience and to improve companies’ access to finance from capital markets. The Board and the Committee is highly positive of the important work that the OECD is conducting in the area of corporate governance in general, as well as the review, and would like to provide three comments with regards to the latter.

First, the Board and the Committee approves of how the OECD is incorporating the ongoing sustainability discussion in the Principles. Swedish industry is one of the most high-ranking in the world in terms of sustainability. Notably, Sweden ranks second out of 150 studied countries in the RobecoSAM-ranking, eight out of 180 countries in the 2020 Environmental Performance Index, fifth of 156 assessed countries on the World Economic Forum’s Global Gender Gap Report, and first in the Global Sustainable Competitiveness Index. To be clear, sustainability is and has been for a long time a key focus of Swedish industry. The Board and the Committee do however want to stress that this does

not mean that sustainability should necessarily be an integrated part of national or international corporate governance frameworks, but rather that the general national view is that rules and regulation regarding sustainability belongs to other areas surrounding the corporate governance framework and company law, such as Environmental Codes and standards, regulation on environmental reporting and other targeted and closely monitored and sanctioned regulation. Placing such regulation in the corporate governance framework itself risks damaging the countries individual corporate governance systems. In addition, it may also provide a false sense of achievement that may lead to that correct and efficient measures regarding sustainability are not being taken where they should. With this in mind, it is not obvious that the sustainability discussion should be integrated in the Principles, and especially not through integration in all of the Principles. **The Board and the Committee are thus positive to the OECD addressing sustainability in a separate chapter, as has been proposed in the consultation.**

Second, the Board and the Committee notes that additions have been made to the Principles regarding creditors' and bondholders' rights. One important goal for a well-functioning corporate governance framework is to ensure that companies have access to necessary capital also in times of financial crisis. In such times, when many companies risk not getting access to capital through bank lending, the bond market can play an important role in supplying business with financing. For this to occur, however, bond markets must be counter-cyclical, which among other things require trust from bondholders with regards to the safeguards provided to them vis-à-vis the issuer and other bondholders and market actors through, among other things, the corporate governance framework. **Therefore, the Board and the Committee are supportive of the inclusion of bondholders in the Principles.**

Third, the Board and the Committee notes that formulations such as "where a jurisdiction's legal and regulatory framework permit" seem to have been added in certain sections of the Principles. The Principles are already flexible and clearly non-binding (Principle 1), and it may therefore only be confusing to add such formulations. **Therefore, the Board and the Committee are of the opinion that such additions are superfluous and should not be inserted.**

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