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Open letter to the nomination committees of Swedish listed companies

A reminder about gender balance on the boards of listed companies ahead of the 2022 AGM season

Since its introduction, the Swedish Corporate Governance Code has stipulated that the composition of the boards of listed companies is to be characterized by versatility and breadth with regard to competence, experience and background, and that companies are to seek to achieve gender balance on their boards. In January 2015, stricter Code rules were introduced regarding this matter, including a requirement for nomination committees to explain their proposals in the light of the Code's provisions on gender balance. At that time, the Corporate Governance Board also communicated a long-term goal of a 40 per cent share for the least represented gender on listed companies' boards in total by 2020.

Since 2015, the Corporate Governance Board has been continuously collecting statistics on developments in this area and has reported on them each year. It is gratifying to note that there has been a significant improvement in gender balance on company boards during this time. The proportion of women among board members elected by the shareholders' meetings has increased by almost 10 percentage points since 2015. In Large Cap companies, Sweden is more or less at the same level as those countries that have introduced legislation on gender quotas, which we see as evidence that Swedish listed companies and the self-regulatory model are able to fully address this important issue. In total, the companies that have already achieved the target represent almost half the country's market capitalisation (48.8%). In recent years, however, the development has been a little more sluggish, and there is still some way to go before the goal of a 40 per cent share for the least represented gender in total is reached.

The Swedish Corporate Governance Board notes that the issue of legislation on mandatory quotas is back on the European Commission's agenda. The Board shares the Commission's view that gender balance needs to be improved among society's decision-makers, including in the business community, but we believe that the introduction of rules on quotas for the boards of listed companies is the wrong way to go.

We therefore strongly urge the nomination committees of all Swedish listed companies to continue to focus on this very important issue as they prepare for the 2022 AGM season.

THE SWEDISH CORPORATE GOVERNANCE BOARD

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