The Nordic Corporate Governance Codes
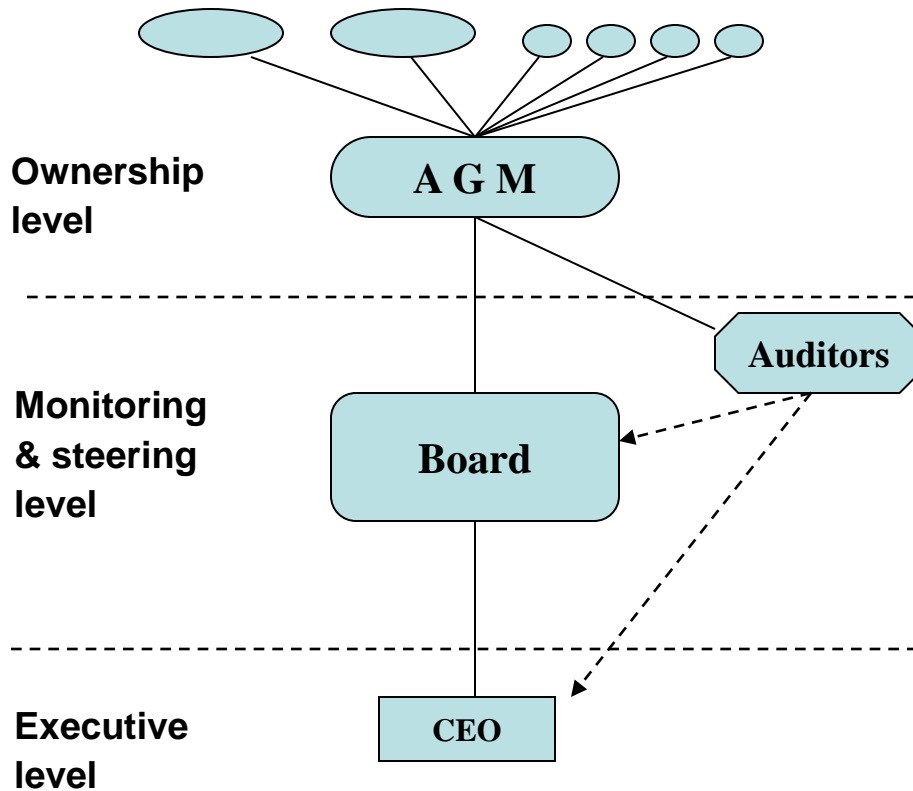
**Slide show at meeting on harmonization
of Nordic corporate governance**

Stockholm 2007-06-27
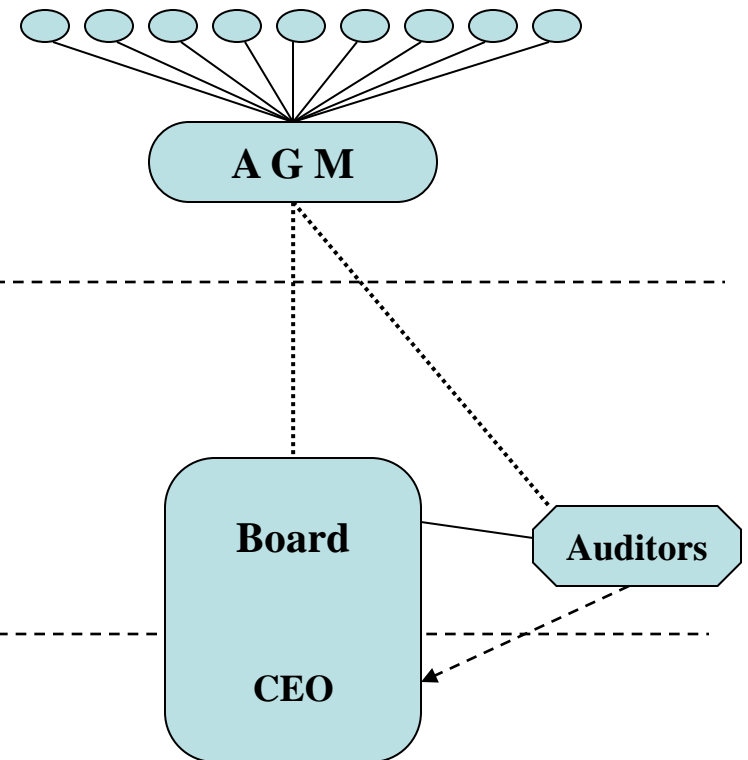
Per Lekvall
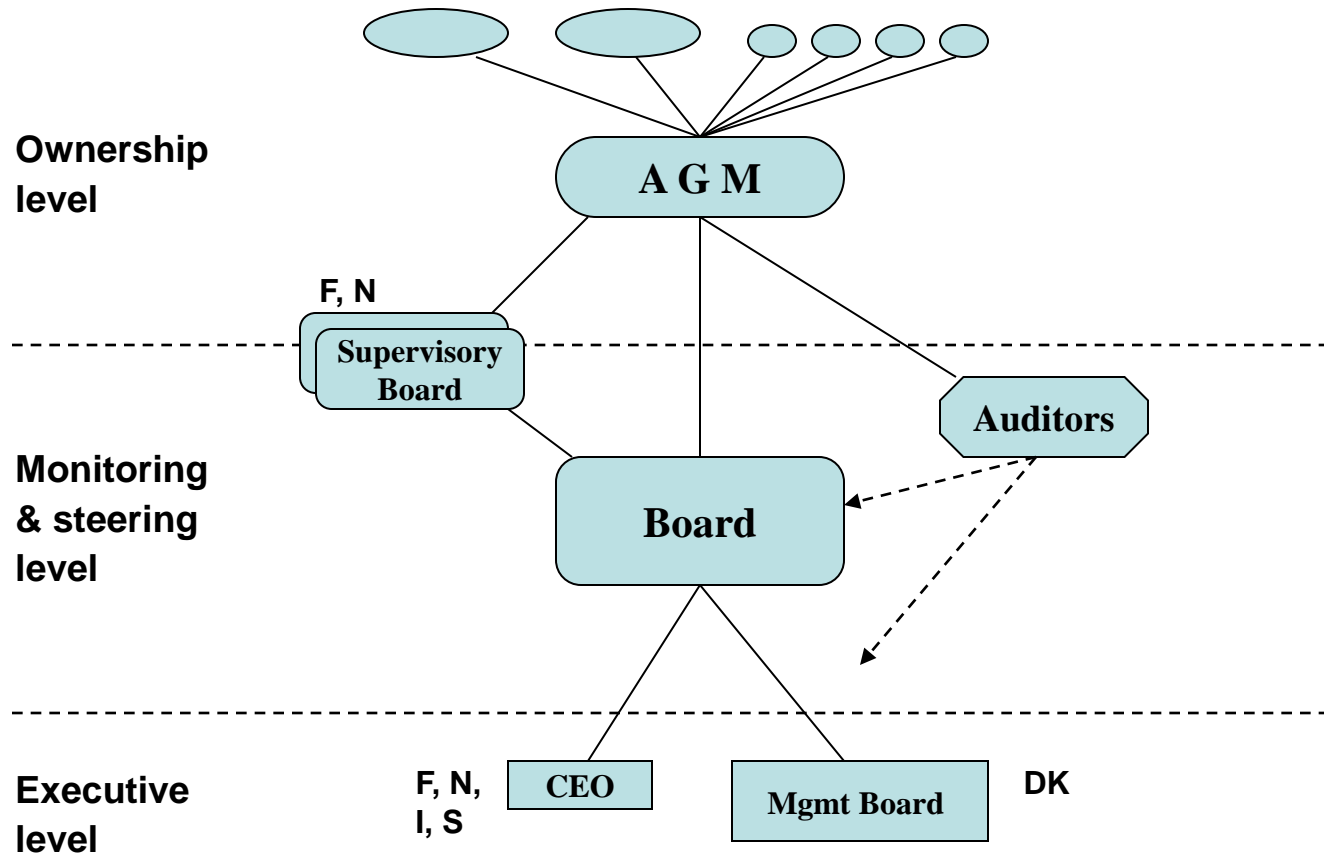
THE REGULATORY FRAMEWORK

The Nordic Model

Ownership level

Monitoring & steering level

Executive level

A G M

Auditors

Board

CEO

The Anglosaxon Model

A G M

Board

CEO

Auditors

VARIATIONS OF THE NORDIC MODEL

Ownership level

F, N

Supervisory Board

A G M

Monitoring & steering level

Board

Auditors

Executive level

F, N, I, S

CEO

Mgmt Board

DK

SCOPE OF THE CODES

Does the code include provisions about...	DENMARK	FINLAND	ICELAND	NORWAY	SWEDEN
CG CORE MATTERS					
The AGM?			NO		
Board composition, duties and committees?					
The CEO/Mgmt board?			YES		
Remuneration policies?	YES	YES		YES	YES
Internal control & risk mgmt					
Auditors and auditing?			NO		
Disclosure of CG information?					
OTHER CG-RELATED AREAS					
Definition of company areas of activity in the Charter?				YES	
Shareholders, trading of shares, capital structure & distribution?	(YES)			YES	
Dual class shares?				YES	
Shareholders' rights at takeovers?	YES			YES	
Insider information?		YES			
"Stakeholder" relations?	YES				

SOME DEVIATIONS IN SUBSTANCE BETWEEN THE CODES

	DENMARK	FINLAND	ICELAND	NORWAY	SWEDEN
Nomination of Board members	← Board sub-committee →		---	← Body elected by the AGM →	
Independence of Board members	Min 50% indep. of company *and* major owners	← Majority/min 50%/ indep. of the co. Min. 2 also indep. of major owners →			
CEO and other mgmt members on the Board?	None from comp. mgmt on the Board	---	---	None from comp. mgmt on the Board	Max. one from co. mgmt on the Board (usually the CEO)
Election of Chairman	---	---	---	← By the AGM →	
Composition of audit committee	Min 3/2/, majority indep of company *and* major owners	Min. 3, majority indep of company	Min. 3/2/, majority indep of company	---	Min. 3, majority indep of co, none from co. mgmt.
Incentive schemes for company mgmt	Recomm's about design but nothing on who decides	---	Share-related programs should be approved by AGM	Recomm's about design but nothing on who decides	Share-related programs to be approved byAGM

TENTATIVE CONCLUSIONS

- **Our codes all have emerged from the same international CG development and are applied within a largely similar Nordic ownership and legal framework.**

- **There are important differencies regarding the scopes of the codes as well as in many details within the "CG core area".**

- **However, in general these don't seem to be of a magnitude that *a priori* rules out the possibilities to develop a significant common ground of basic rules and recommendations within this area.**