



Swedish Corporate Governance Board issues new instruction

On 1 December 2016, a number of revisions to rules in the Swedish Corporate Governance Code (“the Code”) will come into force. The changes are a consequence of the EU directive on sustainability and diversity policy¹, (“the Directive”) and the resulting amendments to Swedish legislation.

Sustainability reports

As a result of the legislative changes made in response to the directive, all companies of a certain size - the legal requirement does not apply to all small listed companies – are to produce a sustainability report containing information on issues such as environmental impact, social conditions, human resources, respect for human rights and anti-corruption measures. Those companies whose financial year corresponds to the calendar year will be required to publish their first sustainability report in the spring of 2018 for financial year 2017. The report is to describe areas such as corporate policy on sustainability issues and any substantial risks linked to the company's operations. The company's auditor is to check whether a sustainability report has been produced. Certain groups of companies are also to produce sustainability reports. The reporting requirements are intended to make information on how companies work with sustainability issues more transparent and comparable. The report may be published separately from the annual report.

Against this background, provisions on how long such a sustainability report is to be made available on the company website, as well as the auditor's statement on whether a report has been produced, have now been introduced into the Code.

Diversity policy

The amended legislation requires some listed companies, but not all, to include in their corporate governance reports information on the diversity policy applicable to the company's board of directors, for example with respect to age, gender, education and professional background. Companies whose financial year corresponds to the calendar year will be required to describe how their diversity policy was applied in 2017 in their corporate governance reports published in spring 2018.

The Code clarifies the role of the nomination committee regarding the implementation of the diversity policy. The nomination committee is to describe its application of the diversity policy for the first time in its statement to the 2017 annual general meeting.

The full text of the Instruction can be found on the Swedish Corporate Governance Board's website: www.corporategovernanceboard.se/

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¹ European Parliament and Council Directive 2014/95/EU amending Directive 2013/34/EU regarding certain large companies' and groups of companies' provision of non-financial information and details on diversity policy.