

Press Release 27 April 2020

## The Board does not plan to increase the group of executives to be included in remuneration reports

**In the Swedish Corporate Governance Code, the Swedish Corporate Governance Board has broadened the group of executives to which the requirement to draw up remuneration guidelines under the Swedish Companies Act applies. This means that the remuneration guidelines to be approved by the shareholders' meeting are also to apply to other members of the executive management than the CEO and the deputy CEO. The Board does not intend to similarly increase the number of executives that are to be included in listed companies' remuneration reports.**

In June 2019, new rules in the Swedish Companies Act came into force. These include requirements for listed companies to draw up and decide on remuneration guidelines and remuneration reports for certain senior executives. The Act limits the group of executives to be covered to the CEO, the deputy CEO, board directors and deputy board directors. The amendment to rule 9.9 of the Swedish Corporate Governance Code ("the Code") that came into force on 1 January 2020 stipulates that the Companies Act's provisions on remuneration guidelines are also to apply to other members of the company's executive management. However, the group of executives that is to be covered by the requirement for inclusion in remuneration reports was not broadened in the same way.

The Swedish Corporate Governance Board ("the Board") has announced that it is working on a new recommendation on remuneration. This will gather together the rules on remuneration that currently exist in various parts of the self-regulation process, including in the Code. The Board would like to take this opportunity to confirm that it does not intend to include in the new recommendation a broadening of the category of executives to be included in listed companies' remuneration reports on paid and outstanding remuneration covered by the guidelines.

There are a number of reasons for not including the remuneration of every senior executive in the remuneration report. Broadening the group of executives to be included in the remuneration report would entail a major administrative burden for companies, for example, while any benefit of such an expansion would be limited, not least because the company auditor is also to submit a statement before the AGM on whether the remuneration guidelines have been followed. Furthermore, expanding the number of executives to be included in the remuneration reports would intrude on the personal integrity of senior executives, as the reports are to be kept available online for a period of ten years. The Board's decision to widen the group of executives to whom the remuneration guidelines are to apply but not to widen the group to be included in the remuneration report correspondingly is also in line with the regulatory proposals that were submitted in the memorandum *Comments regarding the proposals for implementation into Swedish law of the directive on increased shareholder engagement* (Ds 2018:15).

For further information, please contact:

Björn Kristiansson - [bjorn.kristiansson@bolagsstyrningskollegiet.se](mailto:bjorn.kristiansson@bolagsstyrningskollegiet.se) / +46 (0)76-770 37 47

*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](http://www.godsedpavpmarknaden.se).*

Väpnargatan 8, 114 51 STOCKHOLM  
[www.godsedpavpmarknaden.se](http://www.godsedpavpmarknaden.se)