

Revised rules in the Swedish Corporate Governance Code

January 2020

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The Code revision

On 1 January 2020, a number of amendments to the Swedish Corporate Governance Code (the “**Code**”) entered into force. The amendments aim to supplement the implementation of the revised EU Shareholder Rights Directive of 2017 (“**SRD II**”) and to satisfy the calls for clarification of certain matters that were raised in connection with the overhaul of the Code.

The revised Code contains, among other things, provisions regarding the remuneration guidelines and the remuneration report that Swedish main market listed companies are required to prepare. The Code contains transitional provisions which provide for some of the new remuneration rules not to enter into force until 2021.

The main amendments to the Code are summarised below.

Highlights (1/2)

TOPIC	AMENDMENTS	COMMENTS	APPLICABLE FROM
Definition of related parties	The company itself chooses how to define a related party for the purpose of disclosing the shareholdings of board members, the CEO and their related parties on the company website.	The company may use any related party definition contained in other regulations or create its own, as long as the purpose to provide relevant transparency is met.	1 January 2020
	A majority of the board members must be independent of the company and executive management. When evaluating the relevance of board members' relationships to companies closely related to the listed company, the threshold for the listed company's holding in a closely related company is increased from 10 per cent to 20 per cent.	A closely related company is defined as a company over which the listed company has significant influence. The definition of significant influence is aligned with the stipulations on significant influence in the Annual Accounts Act and IAS 24.	
Board members' devotion of time	Each director is responsible for setting aside the time required to carry out the work of the board in the context of the director's other assignments and commitments.	Although responsibility is placed on the individual director, this requirement should be considered also by nomination committees.	
Sustainability	The board must identify how sustainability issues impact risks to, and business opportunities for, the company.	The Code clarifies that good corporate governance includes taking sustainability issues into account.	
Audit committee	<p>The majority of the audit committee members must be independent in relation to the company and its executive management.</p> <p>At least one of the members who is independent in relation to the company and its executive management is also to be independent in relation to the company's major shareholders.</p>	The rule on audit committee independence is re-introduced in the Code.	

Highlights (2/2)

TOPIC	AMENDMENTS	COMMENTS	APPLICABLE FROM
Remuneration guidelines	Guidelines for executive remuneration should cover salary and other remuneration to the board, CEO, deputy CEO <i>and</i> other members of the executive management.	<p>The new legislation on remuneration guidelines only applies to the board, the CEO and the deputy CEO. The Code extends the scope to include also other members of the executive management.</p> <p>Note that the rule does not imply that the scope of application for the remuneration report is equally extended.</p>	AGM 2020 (mirroring the rules on remuneration guidelines in the Companies Act which must be applied in conjunction with the first AGM held after 31 December 2019)
Remuneration report	The remuneration report to be presented annually to the AGM for approval is to be made available on the company's website.	Extra disclosure requirement.	AGM 2021 (mirroring the rules on remuneration reports in the Companies Act which must be applied in conjunction with the first AGM held after 31 December 2020)
	The remuneration report must contain a reference to where in the company's annual report information concerning salaries, social security costs, pensions, etc. can be found.	Extra disclosure requirement.	
	The remuneration report should contain a summary of each share and share-price related incentive programme that is currently outstanding or was completed during the year.	Extra disclosure requirement.	AGM 2021 (the Code rule requiring incentive plan disclosures on the company's website is applicable up until 31 December 2020)

Key takeaways

1. The amendments to the Code mainly concern remuneration, sustainability matters and the independency of the audit committee. The majority of the rules came into force on 1 January 2020, with the exception of the rules relating to remuneration reports that will apply after 31 December 2020.
2. Swedish main market companies (Nasdaq Stockholm and NGM Equity) must prepare new remuneration guidelines for the AGM 2020 and a new remuneration report for the AGM 2021 in compliance with the new Code rules. The new rules imply increased reporting requirements compared to the previous regime and extend the scope of the remuneration guidelines compared to the scope of the corresponding rules in the Swedish Companies Act.
3. Parallel to the Code review, the Swedish Corporate Governance Board has begun developing a new recommendation on remuneration in listed companies, with the aim of consolidating rules and practices into a coherent set of rules. The results are expected to be presented in the second half of 2020 and may result in further amendments to the Code.
4. Vinge's capital markets team continuously advises a large number of Swedish listed companies on corporate governance matters and has the relevant experience and knowledge that can make a difference.

Selected mandates



Adviser to Industrifonden and Investorin in connection with a sale of shares in Calliditas

2020



Adviser to Azelio in connection with rights issue

2019



Adviser to IRLAB Therapeutics in connection with share issues

2019



Adviser to Xsray in connection with a directed share issue

2019



Adviser to Nordea and Citigroup on directed share issue in Better Collective

2019



Adviser to Vostok New Ventures Ltd in connection with an investment in Voi

2019



Adviser to Gränges in conjunction with acquisition of Aluminium Konin

2019



Adviser to Lantmännen in connection with issue of subordinated debentures

2019



Adviser to Hembla in connection with Vonovia's mandatory cash offer

2019



Adviser to Samhällsbyggnadsbolaget in connection with its offer for Hemfosa

2019



Adviser to SEB in connection with the issuance of Additional Tier 1 Capital of USD 900 million

2019



Adviser to Vicore Pharma in connection with a directed share issue of approximately SEK 125 million

2019



Adviser to Pandox in connection with a directed share issue of approximately SEK 3 billion

2019



Adviser to Aprea Therapeutics in connection with its listing on Nasdaq New York

2019



Adviser to Samhällsbyggnadsbolaget in connection with its listing on Nasdaq Stockholm

2019



Adviser to Vicore Pharma in connection with its list change from Nasdaq First North Growth Market to Nasdaq Stockholm

2019

Contact details

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