

Swedish Corporate Governance Board  
P.O. Box 7354  
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## Consultation on the proposed changes to the Code

We refer to the Swedish Corporate Governance Board's letter dated 10 October 2023 regarding the consultation on draft changes to the Swedish Corporate Governance Code. As a Nordic investor in Swedish listed companies, Folketrygdfondet has an interest in promoting good market standards for corporate governance in the Swedish market.

### About us

Folketrygdfondet manages the Government Pension Fund – Norway. The Norwegian state owns Folketrygdfondet via the Ministry of Finance. Our reference index consists of 60 percent equities and 40 percent fixed income investments, divided between 85 percent invested in Norway and 15 percent in Sweden, Denmark, and Finland. Folketrygdfondet's investments in the Swedish equities market amounted to approximately 16.3 billion SEK as of 30.06.2023.

### Comments on the draft Code

Folketrygdfondet does not have any comments regarding the proposed changes to the Swedish Corporate Governance Code. With this letter, we intend rather to comment specifically on two items that were not changed, but which we find problematic: the provision allowing for 1) the inclusion of board members on nomination committees, and 2) a member of the executive management team on the board of directors.

**Section 2.4** provides that "Members of the board of directors may be members of the nomination committee but may not constitute a majority thereof." In Folketrygdfondet's view, the members of the nomination committee should be independent of the board of directors. We understand that on this point, practice in Sweden differs from that in Norway. Nevertheless, we believe the nomination committee's independence is important to ensure shareholder confidence in the nomination committee's process and recommendation. A clear separation between the respective roles of the nomination committee and the board is necessary for the nomination committee's work.

Likewise, **section 4.3** of the Code provides that “No more than one elected member of the board may be a member of the executive management of the company or a subsidiary.”

Folketrygdfondet opposes the election of the CEO to the board of directors as a matter of principle. One of the board’s main tasks is the supervision of company management, which includes appointment and dismissal of the CEO. Folketrygdfondet considers that board members can only supervise company management adequately if they are not recruited from among management.

We welcome the opportunity to elaborate on our views as needed.

Yours sincerely  
Folketrygdfondet

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*This document has been signed electronically.*