

# State Ownership Policy 2025



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# State Ownership Policy

The Swedish Government adopted the policy below for state-owned enterprises on 20 February 2025. This policy replaces the previous state ownership policy adopted on 27 February 2020.

## PART I: State ownership of enterprises

### 1. Introduction

State-owned enterprises, which are ultimately owned by the Swedish people, make up a significant part of the business sector in Sweden.

The Government must actively manage state-owned enterprises so as to ensure the best possible long-term economic value performance from them, and to ensure that their public policy assignments, decided by the Riksdag, are performed well. State-owned enterprises have to act on a commercial basis, sustainably, and in an exemplary manner that safeguards public trust.

In this ownership policy, the Government sets out important principles and overriding objectives for the management and governance of state-owned enterprises. Where this ownership policy refers to 'the owner', it is referring to the State in its role as the sole or part owner of an enterprise.

### 2. Reasons for state ownership of enterprises

State ownership of enterprises in Sweden has come about at various points in time and for various reasons. As an active owner, the State has to examine the reasons for continued state ownership as well as the various public policy assignments and directions of the enterprises.

The Swedish State may own enterprises if motivated by a national or market-specific interest. An additional reason for ownership may be a

public policy assignment decided by the Riksdag that would be difficult to manage without State influence.

National interest means here that the State has a need for, or sees a value in, owning enterprises with assets of strategic interest such as natural resources, infrastructure or societal functions of particular importance to society, Sweden's total defence, or food security.

Market-specific interest means here that the State owns enterprises that are natural monopolies or operate in markets that are characterised by a market failure; where the competitive situation in the market would deteriorate or employment would be negatively affected by the sale of the enterprise; or where the enterprise cannot be sold on commercial terms.

### 3. Purpose of the enterprise's operations

The purpose of a state-owned enterprise's operations, as for privately-owned enterprises, is to generate profit for the shareholders, unless the Riksdag has decided otherwise.

Some state-owned enterprises have a public policy assignment, which is decided by the Riksdag. This usually means that the purpose of the enterprise's operations is to assure some benefit to society that would otherwise not be provided by the market or not be available in an efficient manner.

## 4. Owner expectations of state-owned enterprises

The Government has high expectations that the enterprises' business operations are conducted in an exemplary manner in accordance with the following general principles. These principles also guide the Government's management of the enterprises.

- 1. State-owned enterprises act on a commercial basis**
- 2. State-owned enterprises have good corporate governance**
- 3. State-owned enterprises generate sustainable value creation**
- 4. State-owned enterprises have long-term ambitions and good transitioning capacity**
- 5. State-owned enterprises are characterised by security awareness and contribute to the country's preparedness for crisis and war**
- 6. State-owned enterprises pay reasonable and well-considered remuneration**
- 7. State-owned enterprises act transparently in relation to their stakeholders**

These principles are described in more detail in Part II of this policy.

## 5. Conditions for state ownership

### 5.1 Relationship between the Government and the Riksdag

The State's shares in state-owned enterprises are at the disposal of and administered by the Government within the framework of what the Riksdag has decided. However, the Riksdag's authorisation is required for the acquisition of shares, other increases in the State's shareholdings, equity infusions, or changes in an enterprise's public policy assignment. The Riksdag's authorisation is also required to reduce the State's shareholdings in enterprises where the State holds at least half of the votes, but also in cases where the Riksdag has decided otherwise for a particular enterprise. Shares have to be acquired and sold on a commercial basis, unless special reasons preclude this.

The Government reports to the Riksdag on its management of state-owned enterprises in an annual report.

Following a notification to the board of directors, members of the Riksdag have the right to attend and ask questions at the general meetings of majority state-owned enterprises, including any subsidiaries, that have at least 50 employees.

### 5.2 Different roles of the State

In order to distinguish between the State's roles as owner and as regulator, work within the Government Offices is distributed in such a way that responsibility for the management of the enterprises typically does not lie with units responsible for regulation affecting the enterprises.

### 5.3 Market terms and competitive neutrality

EU state aid rules apply to all aid from the State to state-owned enterprises as well as privately-owned enterprises. The purpose of these rules is to prevent a Member State from distorting competition through subsidies that strengthen the competitiveness of its domestic industry and disadvantage companies in another Member State. This means, among other things, that capital infusions to state-owned enterprises are generally only permitted on terms that would have been accepted by a private investor.

## 6. Corporate law framework

### 6.1 Type of enterprise

State-owned enterprises are subject to the same laws as privately-owned enterprises. The State's ownership of limited companies is thus different from the activities of the State in government agency form. The Swedish Companies Act (2005:551) provides for a distribution of responsibilities between owner, board of directors and management. According to this, the enterprise board and management are responsible for the enterprise's organisation and for managing its affairs, as well as the day-to-day management of operations. The owners' influence is exercised through decisions at the general meeting. The general meeting appoints an auditor to examine the enterprise's external reports and accounting records as well as the administration of the enterprise by the board of directors and the CEO. In enterprises in which the State has a controlling influence, or whose operations are regulated in the law, the Swedish National Audit Office may also appoint one or more auditors to participate in the audit in addition to the other auditors.

## 6.2 Articles of association

In the articles of association, the owners establish the business purpose of the enterprise's operations and certain limits for its operations. The business purpose of the operations of majority state-owned enterprises is based on decisions of the Riksdag.

## 6.3 Owner directives

The owners can issue instructions to the enterprise through a resolution in the general meeting. In state-owned enterprises, owner instructions are mainly used when an enterprise has a public policy assignment from the Riksdag, receives budget appropriations, or is being restructured; and also in the context of deregulation or other similar material changes. The content of the owner instructions has to be concrete and clear. If the enterprise has a public policy assignment, the owner instructions have to specify how this assignment will be financed, reported and tracked.

Public policy goals are used to enable evaluation and tracking to ensure that the public policy assignments decided by the Riksdag are being performed well. The public policy targets have to make clear the cost of performing the public policy assignment, and thereby the conditions for the enterprise's economic value creation. The owner is responsible for developing the public policy goals in dialogue with the enterprise, which are then established in an owner instruction.

# 7. Active ownership

## 7.1 Active management

The management of state-owned enterprises must be active and create the conditions for the enterprises to be able to act on a commercial basis, sustainably, and in an exemplary way, and to develop.

A specific organisation within the Government Offices exists to achieve active and professional investment management of the enterprises. The investment management organisation pursues active ownership management through the recruitment and nomination of directors, owner dialogues, and by tracking the enterprises, as well as preparing proposals for directors' fees and other resolutions in the general meeting. As a general rule, employees in the investment management organisation in the Government Offices are included on the boards of the enterprises.

## 7.2 Board nomination

In state-owned enterprises, the State uses a skills-based recruitment process to nominate directors. A resolution in the general meeting then appoints the board of directors. In enterprises whose shares are admitted to trading on a regulated market in Sweden, the State instead appoints or nominates a member of the enterprise's nomination committee if justified by the State's shareholding.

## 7.3 Monitoring

The enterprises and the governance by their boards is monitored formally in an owner dialogue between representatives of the owner on the one hand, and the chair of the board and the CEO on the other. The owner dialogue tracks the enterprise's financial performance and goal attainment. Furthermore, the owner's expectations of the enterprise and, if necessary, other important issues relating to the enterprise, are discussed.

# 8. Scope and entry into force

The Government adopts the State Ownership Policy. The policy mainly follows the OECD Guidelines on Corporate Governance of State-Owned Enterprises, and the Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises. When necessary, the ownership policy is revised following an analysis of material changes in external conditions and the applicability of the policy. This analysis includes stakeholder dialogue and takes into account the OECD Guidelines.

The State Ownership Policy is applied in all enterprises with majority state ownership. In the other enterprises, i.e. those with minority state ownership, the State engages in dialogue with the other owners to have the State Ownership Policy applied as far as possible. Enterprises managed by government agencies other than the Government Offices have to apply the State Ownership Policy in a corresponding way. The enterprises have to ensure compliance with the ownership policy throughout their operations, including any subsidiaries, unless otherwise stated in this policy.

This policy must be applied by state-owned enterprises as of the 2025 annual general meeting.

# PART II: The Government's principles for the management and governance of state-owned enterprises



## 1. State-owned enterprises act on a commercial basis

### Starting points

The enterprise has to generate a market rate of return, insofar as nothing else follows from a Riksdag decision. The enterprise's business model must be financially sustainable, and its operations and capital allocation have to be characterised by efficiency.

A commercial basis is essential to the enterprise's operations and development over time. The enterprises must strive for profitability and a rate of return that increases shareholder value.

The requirement of a commercial basis ensures that the State as a shareholder does not distort competition between companies. To safeguard competitive neutrality, the profitability and return targets of state-owned enterprises must be comparable to those of other companies operating in the same industry or companies that are otherwise relevant references.

If, according to its articles of association, the enterprise does not pay dividends, its operations nevertheless have to be conducted in an economically efficient manner.

Furthermore, the enterprise must conduct its operations with high and consistent quality, and

with a commerce-based focus on customer benefit with the aim of creating long-term economic value and safeguarding public trust.

### **Strategy for sustainable value creation**

It is the board of directors' responsibility to establish the enterprise's strategy within the limits set by its articles of association and any owner instructions. For state-owned enterprises, the board as a part of this must establish overarching strategic targets for sustainable value creation. This includes formally deciding on financial goals. Prior to the review of the financial goals, the board needs to engage in dialogue with the owner. Before the board makes its formal decision on new or revised financial goals, they must be presented to the owner for a final position on the revised goals. The owner's position is then communicated to the board at an owner dialogue.

The strategic goals for sustainable value creation have to focus on strategic priorities, taking into account external factors material to the enterprise's operations, sustainability aspects, and any public policy assignment. The sustainability aspects that are particularly important are set out in Section 3. The strategic goals should be ambitious, market-driven and capable of being tracked, and promote a long-term view. The purpose of the strategic goals is to clarify transparently the board's view of the enterprise's strategic and long-term direction.

In state-owned enterprises, the financial goals are a key part of the strategic goals for sustainable value creation and aim to:

- ensure value creation;
- achieve capital efficiency by clarifying the cost of equity;
- keep the enterprises' financial risk at a reasonable level;
- provide the owner with a market rate of return, taking into account the enterprises' future capital requirements and financial position; and
- measure, track and evaluate the enterprises' profitability, efficiency and level of risk in a structured way.

Financial targets are decided primarily within the categories of profitability, capital structure, and dividends. Subject to a public policy assignment decided by the Riksdag if any, the board establishes a dividend policy that ensures stable and predictable dividends to the owner.

### **Evaluation and tracking**

The owner continuously evaluates the enterprise's strategic goals, goal attainment and performance in relation to the owner's expectations and other relevant reference points such as market analyses and comparisons with similar companies. Goals and financial outcomes are tracked in owner dialogues.



## 2. State-owned enterprises have good corporate governance

### Starting points

The enterprise board of directors is responsible for maintaining good corporate governance in accordance with the Swedish Companies Act, the Swedish Corporate Governance Code (the Code) and the State Ownership Policy. Good corporate governance aims to ensure sustainable and responsible value creation and is characterised by efficiency, transparency and clear roles and responsibilities.

The enterprise has to apply the Code, with the exception of its rules on nomination committees whose tasks, where applicable, are instead performed in accordance with what is stated in this Ownership Policy. The Code's requirements on reporting the directors' independence from the State as a major shareholder need not be applied in enterprises with majority state ownership. These departures from the Code do not apply to state-owned enterprises whose shares are admitted to trading on a regulated market in Sweden. The Code's 'comply or explain' mechanism must be applied.

If the enterprise is the parent company in a group, what is specified in this section applies to the group level.

### General meeting

In enterprises where the State holds more than half of the votes, the public must be afforded the opportunity to attend the general meeting and put questions to the board and management in

connection with the meeting. Notice of attendance has to be given and received by the enterprise no later than one week before the general meeting. The notice to attend the general meeting must be published on the enterprise's website and state whether the general public is invited to attend physically or online. The chair of the board is the chair of the general meeting unless the general meeting decides otherwise.

The annual general meeting of state-owned enterprises must be held within four months of the end of the financial year.

### Board of directors

The board of directors is responsible for the organisation of the enterprise and for managing its affairs. The board is responsible for the enterprise being managed in an exemplary manner in compliance with the legislation, the articles of association, any owner instructions, the Code and the State Ownership Policy.

### Size and composition of the board

Prior to the annual general meeting, the owner submits a proposal for the selection of directors and their remuneration.

To ensure efficiency in the provision of expertise, the Government Offices apply a structured board nomination process with a broad recruitment base. For each enterprise, the expertise required is analysed on the basis of the enterprise's operations, stage of development and circumstances generally, board composition and the board evaluations

performed. In accordance with the OECD Guidelines on Corporate Governance of State-owned Enterprises, active politicians are not nominated to the boards of these enterprises.

The board must be of a size and composition to ensure that it is capable of managing the enterprise's affairs with integrity and efficiently. In order to separate the roles of the board and the CEO, the CEO may not be a member of the board. The board must have a composition that is appropriate in view of the enterprise's operations, stage of development and other circumstances; and that is also broad and well-rounded in terms of the expertise, experience and background of the directors elected by the general meeting.

The Government aims to achieve gender balance both on individual boards and at portfolio level. The target for the portfolio of state-owned enterprises (fully and partly owned) is a minimum of 40 per cent (rounded up from the nearest multiple of ten) board representation for both women and men. This means, for example, that a board consisting of eight directors elected by the general meeting must have at least three directors of each gender.

The owner's proposal for the directors is published on the enterprise's website and included in the notice to attend the general meeting. In addition, the information on the proposed directors required by the Code, except for information on their independence of the State as a major shareholder, must be published on the enterprise's website.

### **Directors of the board**

Each director must have industry knowledge or other expertise that is directly relevant to the enterprise, its business operations, development and transitioning capacity. In addition, good judgement, integrity and the capacity to look after the enterprise's best interests are required. Directors must regularly inform the chair of the board of any other assignments they may have. The chair of the board must communicate this information to the owner annually.

As a general rule, a director may not be employed as a consultant to the enterprise. If a consultancy assignment is nevertheless considered, the assignment must be examined by the board in each individual case and approved only if it is deemed to contribute positively to the enterprise's strategy and long-term interests, including its sustainability.

### **Chair of the board**

The chair of the board has an obligation to provide information to, and is responsible for contacts with, the owner. Subject to applicable legislation, the chair of the board must ensure that the owner is informed – at owner dialogues and, if necessary, more regularly – of the enterprise's overall development and goal attainment, strategic plans and significant events.

If the enterprise is facing major strategic transitions, the board must inform the owner well in advance through the chair of the board and request a special strategic review for the owner's position to be provided in writing.

The chair of the board must ensure that the board's performance is evaluated annually. The owner must be informed of the results of the evaluation.

### **Board procedures**

The enterprise must apply the rules set out in the Companies Act for public limited companies with regard to the working procedures for the board and instructions on the division of work between the corporate functions.

### **CEO**

The board must appoint a CEO. Enterprises must apply the rules set out in the Companies Act for public limited companies with regard to instructions for the CEO.

### **The enterprise's auditor**

Prior to the annual general meeting, the board must submit a proposal for the selection of auditors and the auditors' fees. Auditors must be procured and selected applying the rules in the Companies Act that apply to companies whose transferable securities are admitted to trading on a regulated market and in the EU Audit Regulation (Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements relating to the statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC). For enterprises that do not have an audit committee, the board must take the steps that are incumbent upon the audit committee under the Audit Regulation as responsible for the procurement of auditors. An auditor selected by the annual general meeting is appointed for a term of one year. The board's proposal is published on the enterprise's website and included in the notice to attend the annual general meeting.



### 3. State-owned enterprises generate sustainable value creation

#### Starting points

Sustainable value creation means that the enterprise integrates sustainability into its business operations. The enterprise must act responsibly in the markets in which it operates and in the value chain in general. The enterprise must operate in a way that promotes sustainable development, i.e. a development that meets the needs of the present without compromising the ability of future generations to meet their needs.

Sustainable value creation should permeate the enterprise's business model, strategy and corporate governance. Based on a materiality analysis, the enterprise must exploit business opportunities and manage sustainability-related risks.

#### Responsibility under international agreements

The enterprise must observe international agreements, principles and guidelines on environmental and climate considerations, human rights, working conditions, anti-corruption and business ethics that are relevant to the enterprise's operations. The following international principles and guidelines constitute essential starting points for the enterprise's work:

- Ten Principles of the UN Global Compact
- UN Guiding Principles on Business and Human Rights and
- OECD Guidelines for Multinational Enterprises.

In addition, the 2030 Agenda and the 17 Sustainable Development Goals that the world's countries have agreed on provide an overarching and systemic perspective on sustainability matters. Therefore, the enterprise must take the 2030 Agenda into account within its operations.

## Issues of particular importance for sustainable value creation

It is particularly important that state-owned enterprises work for the following.

### Environmental issues

The enterprise should act in an exemplary manner in their industry as regards environmental and climate matters and work towards the achievement of the national environmental and climate objectives adopted by the Riksdag and in the Paris Agreement. For biodiversity, the Kunming-Montreal Global Biodiversity Framework (GBF) provides guidance. This means that enterprises that have a material effect on the environment or climate via their value chain must establish ambitious targets and concrete transition plans. This work must lead to actual improvements by reducing negative effects and increasing positive contributions. The enterprise's targets must be relevant to the enterprise's operations and, as far as possible, scientifically based.

### Social issues

The enterprise must act in an exemplary manner by providing a healthy and safe work environment, good and decent working conditions, and by respecting human rights, including the rights of the child. The enterprise must be a role model in its work with equal opportunities and gender equality. The enterprise must work for an inclusive corporate culture characterised by diversity and breadth of expertise, experience and background.

The enterprise must act as an exemplary procurement partner in order to promote sustainable development and actively combat corruption and work-related crime. When necessary, the enterprise has to impose rights at work requirements on suppliers. The supplier's employees and subcontractors who directly participate in the agreed delivery must be assured terms and conditions in collective agreements or the minimum levels under central collective agreements or, if Swedish labour law is not applicable, terms and conditions in accordance with the ILO's fundamental conventions.

### Business conduct

The enterprise must practise good business ethics, with active and systematic risk-based regulatory compliance work. The enterprise must act in an exemplary and responsible manner, taking into account the relevant regulatory frameworks governing competition law, anti-money laundering and preventing the financing of terrorism, sanctions, privacy and data protection, the prevention of corruption and other irregularities, and conflicts of interest.

The enterprise must manage its relationships with partners, customers and suppliers in a responsible manner, for example regarding payment terms. The enterprise must also act responsibly in the taxation area and in connection with lobbying activities.



#### 4. State-owned enterprises have long-term ambitions and good transitioning capacity

##### Starting points

Within the framework of its business purpose and any owner instructions, the enterprise must meet the changing needs of its customers and markets. The enterprise board and management must ensure that the enterprise has the expertise, innovativeness and capacity for change to make the enterprise relevant, efficient and viable, today and in the future.

##### Situation analysis

Long-term and sustainable value creation requires the enterprise to take account of and deal with aspects of its environment that are material to its operations and to adopt a strategic approach to these aspects. The situation analysis has to cover developments in the enterprise's own sector and in other sectors, in Sweden and globally. The analysis should also consider developments in the markets in which the enterprise operates, sustainability matters, security aspects, technical development and new capabilities that the enterprise needs.

##### Long-term direction

Based on the situation analysis, in its strategy work the board is expected to concretise a long-term direction for the enterprise that, based on the available information, promotes sustainable value creation over time.

##### Proactive development and transitioning

The enterprise has to act proactively to comprehend and be able to respond to both gradual and unforeseen changes and thus remain relevant at all times. This means that among other things the enterprise must make use of technological developments and respond to the opportunities and risks that the digital transformation entails.

The enterprise must seize business opportunities, develop business models and drive the development needed to ensure sustainable value creation in the short and long term. Through continuous development, the customer experience, services and products can be improved, while improving the enterprise's efficiency and productivity. The enterprise has to future-proof its operations by developing new capabilities, taking strategic measures, and making investments which aim to shape the enterprise's future and its capacity to create value.

By deciding on necessary strategies or plans, the board must ensure that the enterprise makes the investments and supports the innovation required, at the right pace, to safeguard an efficient and sustainable business.

##### Structured risk management

Responsible management of the enterprise's affairs requires that operations are conducted, and investments are made, based on well-balanced risk-taking in a rapidly changing world. A structured approach to risk is decisive for long-term sustainable value creation.



5. State-owned enterprises are characterised by security awareness and contribute to the country's preparedness for crisis and war

#### **Starting points**

In peacetime crises as well as in states of heightened alert and in the extreme, war, many parts of society depend on the services and resources of state-owned enterprises. Similarly, state-owned enterprises may have a role in capacity building in Sweden's total defence. On market terms, the enterprise must contribute in an efficient manner to strengthening Sweden's total defence.

#### **Protection of assets**

The enterprise must work to protect its assets and operations in peacetime crises as well as in states of heightened alert and in the extreme, war. The enterprise must carry on systematic and risk-based security work. Assets that merit protection must be identified and protected against, for example,

extreme weather, cyber attacks, trespass, espionage and sabotage, as well as failures due to power outages, Internet outages or staff losses, etc.

#### **Business continuity planning**

In consultation with the responsible government agencies, the enterprise should identify the essential services parts of its operations and analyse the need to maintain these under disrupted conditions, peacetime crises, a state of heightened alert or in the extreme, war. The enterprise must ensure that it has good business continuity planning and maintain this planning. Based on the enterprise's role in Sweden's total defence, its planning should include wartime planning and wartime organisation. Relevant exercises must be conducted regularly.

The enterprise must act as a role model for the rest of the business community regarding measures that, on market terms, respond to the needs of Sweden's total defence. By identifying areas where the enterprise has the capacity to be a relevant supplier or partner, on commercial terms, to Sweden's total defence, the company contributes to the country's preparedness for crisis and war.



## 6. State-owned companies pay reasonable and well-considered remuneration

### Starting points

The company must pay remuneration that is competitive, capped and well-considered, and contribute to a good ethical and corporate culture. The remuneration must not be market-leading in relation to comparable companies and should show moderation.

### Remuneration to executive management

#### Introduction and application

This section applies to pay, benefits and other remuneration and terms and conditions of employment for executive management. The term 'executive management' means the CEO, deputy CEOs and other members of the enterprise's executive management team. For enterprises that are parent companies in a group, this means the group executive management team and any other individuals that the enterprise considers executives.

State-owned enterprises may not, in principle, deviate from the principles in this section. If, in

an individual case, there are special reasons that justify a deviation, and a deviation is necessary to cater for the enterprise's long-term interests and sustainability, or to assure the enterprise's financial viability, the enterprise must provide a clear justification for the deviation in the enterprise's remuneration report. This option to deviate from these principles must be applied very restrictively.

State-owned enterprises must apply the Swedish Companies Act and the Annual Accounts Act (1995:1554) rules for public limited companies whose shares are admitted to trading on a regulated market in Sweden regarding the guidelines for remuneration to executive management, the auditor's opinion regarding the application of relevant guidelines, and the preparation of the remuneration report. The enterprise's guidelines for remuneration to executive management must follow or refer to the remuneration principles in this section. In addition, the remuneration report must account for how this section has been applied.

Previously concluded agreements with executives that contravene what is stated in this section should be renegotiated.

## Forms of remuneration

The remuneration of executive management may consist of the following components: fixed cash salary, pension benefits, severance pay and other benefits. Pension benefits refers here to old-age pension, waiver of premiums, and survivor's pension. Other benefits refers to various forms of remuneration for work provided in addition to salary, such as a car and housing allowance and other taxable fringe benefits.

Executive management must not be paid a variable salary. Variable salary refers to, for example, incentive programmes, discretionary payments, payments from profit-sharing foundations, bonuses, commission salary and comparable payments.

## Pension benefits

Pension benefits should be defined-contribution, unless the executive is covered by a defined-benefit pension scheme under mandatory provisions in a collective agreement. Pension premiums (including old-age pension, waiver of premiums, and survivor's pension) for defined-contribution pension schemes must not exceed 30 per cent of the fixed annual cash salary. The minimum retirement age in employment contracts entered into after 1 May 2025 must follow the benchmark age for the pension system. If a salary swap scheme is offered to increase pension benefits, it must be cost-neutral for the enterprise.

Where conditions of employment covered by rules other than those that cover Swedish employees concern pension benefits, the necessary adjustments may be made to comply with mandatory local rules or established local practice. As far as possible, these adjustments must take into account what is stated above.

## Sickness insurance

Compensation in connection with work incapacity due to illness must follow the terms and conditions for sick pay and disability pension set out in applicable collective agreements or, if the enterprise does not have a collective agreement, correspond to levels in effect under collective agreements applied in the industry. Any increase in a group health insurance scheme above the pay level covered by collective agreements must correspond to market practice.

## Termination of employment

If the enterprise gives notice of termination, the period of notice may not exceed 6 months. Severance pay must be limited to at most 12 months' salary.

Severance pay stipulated in employment contracts entered into before 1 January 2017 may amount to no more than 18 months' salary. Severance pay must be paid monthly and consist only of the fixed monthly salary with no pension benefits or other benefits. Severance pay is paid only until the agreed retirement age but never longer than the benchmark age for the pension that applies at the time. If the former employee takes new employment, some other additional paid assignment or earns income from an economic activity, the severance pay is reduced by an amount equivalent to the new income for the period covered by the severance pay.

Severance pay must not be paid if the employee gives notice of termination.

## Remuneration to other employees

The total remuneration to other employees of the enterprise and the group must be moderate, reasonable and well-considered. The remuneration must be competitive but not market-leading in relation to comparable companies.

## Board remuneration

Directors must be compensated for their work and for the responsibility that their directorship entails. The remuneration must be market-based, but not market-leading. Fees paid to the board chair, the vice chair, if any, and other directors are determined by a resolution in the general meeting. Remuneration paid to directors who serve on committees set up by the board are also determined by a resolution in the general meeting. For such remuneration to be paid for service on a committee, the work involved must be substantial in scope. Generally, remuneration is not to be paid to employees of the Government Offices who serve as directors in state-owned enterprises nor to employee representatives on the board. As a general rule, remuneration must not be paid for directorships in wholly owned subsidiaries.

In exceptional cases, if a director is going to receive compensation in excess of the remuneration determined by the general meeting for consultancy services carried out for the enterprise, such consultancy fees must be market-based and regulated in a contract in writing. The fee may then not exceed the annual remuneration for the directorship for any director. The same applies to services performed by a director via a company. The option to pay such a fee must also be specified in the enterprise's remuneration guidelines.



## 7. State-owned enterprises act transparently in relation to their stakeholders

### Starting points

The enterprise has to work towards a good and open dialogue with its stakeholders. Proactive, reliable and balanced communication enables the enterprise to enjoy the public's trust. Good transparency provides the enterprise's stakeholders with sufficient information to enable them to make well-informed decisions.

This section applies to the enterprise's external reporting and provision of information. If the enterprise is the parent company in a group, what is specified here applies to the group level.

The enterprise may deviate from this section if a clear justification for the deviation is provided in the enterprise's annual report. Prior to decisions on deviations, the enterprise must assess stakeholders' needs for information.

### Regulations and transparency

As a rule, the enterprise's external reports must be as transparent as those from public limited companies whose shares are admitted to trading on a regulated market in Sweden. The enterprise's external reporting must therefore be presented in accordance with the following regulation:

- the rules in the Swedish Annual Accounts Act that apply to public limited companies whose shares are admitted to trading on a regulated market in Sweden;
- the rules on corporate governance and sustainability reporting applicable to companies whose transferable securities are admitted to trading on a regulated market;
- relevant parts of Nasdaq Stockholm's Issuer Rules concerning annual reports, interim reports and year-end reports; and
- the Swedish Corporate Governance Code.

In addition, certain state-owned enterprises are subject to specific accounting rules, for example because they receive funds from the State, operate in certain industries, or are ‘monopoly companies’ that also carry on activities that are exposed to competition. Such reporting must be transparent, comply with the relevant legislation, and be published on the enterprise’s website.

### **Annual report**

The enterprise must apply international accounting standards (IFRS) when preparing its external reporting in a similar way and in compliance with the same requirements as public limited companies whose shares are admitted to trading on a regulated market in Sweden.

The annual report must contain a statement of the enterprise’s strategic goals for sustainable value creation, including financial goals, and report on goal attainment. Where applicable, an equivalent report must also be submitted for the enterprise’s public policy goals.

### **Publication dates for reports**

In addition to what is required by law, the enterprise’s external reports must be published on the enterprise’s website. Annual reports must be published no later than three months after the end of the financial year and interim reports in accordance with Nasdaq Stockholm’s Issuer Rules.

All accounting material, including audit reports, must be available on the enterprise’s website for at least ten years.



The report was produced by the Ministry of Finance.

Cover photo: Fredrik Sandberg/TT

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