The most significant changes in the 2010 Recommendations on corporate governance compared to the 2005 Recommendations (as revised)

Section 1 The role of the shareholders and their interaction with the management of the company

- Clarification of recommendation, the object of which is to ensure an ongoing dialogue between the company and its shareholders in order that the central governing body knows the shareholders’ attitude, interests and views in relation to the company. (1.1.1.)
- New recommendation that the governing bodies should promote active ownership, including shareholders’ attendance at general meetings. (1.3.1.)
- New recommendation that the central governing body should resolve or submit to the general meeting the question whether the general meeting shall be conducted by physical attendance or as a partly or entirely electronic general meeting. (1.3.2.)
- New recommendation that all members of the supreme governing body and the executive board should be present at the general meeting. (1.3.4.)

Section 2 The role of the stakeholders and their importance to the company and the company's corporate social responsibility

- New recommendation that the central governing body should adopt a policy on corporate social responsibility. (2.2.1.)

Section 3 Openness and transparency

- New recommendation that the central governing body should adopt a communication strategy. (3.1.1)

Section 4 The tasks and responsibilities of the supreme and the central governing bodies

- New recommendation that the supreme governing body should ensure that the necessary qualifications and financial resources are in place in order for the company to achieve its strategic goals. (4.1.2)
- New recommendation that the supreme governing body at least once every year should define its most important tasks related to the supervision of the work of the executive board and the financial and managerial control of the company. (4.1.3.)
• A more specific recommendation that the supreme governing body should lay down rules of procedure for the executive board, including establish requirements for the executive board’s timely, accurate and adequate reporting to the supreme governing body and for any other communication between the two governing bodies. (4.2.2.)

• New recommendation that the chairman of the supreme governing body should organise and chair meetings to ensure efficiency in the body’s work and to create the best possible working conditions for the members, individually and collectively. (4.3.3.)

• Recommendation that, if the chairman in exceptional cases performs special tasks, including briefly participates in the day-to-day management, a board resolution to that effect should be passed and precautions taken to ensure that the board of directors will maintain responsibility for the overall management and control function. A reasonable distribution of duties must be ensured between the chairman, the deputy chairman, the other members of the board of directors and the executive board. Agreements on the chairman’s participation in the day-to-day management must be disclosed in a company announcement. (4.3.4.)

Section 5 Composition and organisation of the supreme governing body

• A more specific recommendation that the supreme governing body should annually specify the skills it must have to best perform its tasks and that the specification should be posted on the company’s website. (5.1.1.)

• More specific recommendations on the composition of the supreme governing body. When assessing its composition, the supreme governing body must take into consideration the need for integration of new talent and the need for diversity in relation to international experience, gender and age, etc. The description of the candidates’ other executive functions should also include memberships of board committees and demanding organisational tasks. (5.1.2.-5.1.3.)

• Criteria for when members of the supreme governing body elected by the general meeting are no longer considered independent have been harmonised with the EU criteria for independence, including also the term of years as an independent member of the supreme governing body (12 years). (5.4.1.)

• New recommendation that each member of the supreme governing body should assess the expected time commitment for each function in order that the member does not take on more functions than he/she can manage in a satisfactory way for the company. (5.7.1.)
• It is emphasised that board committees should be set up with the sole purpose of facilitating the transaction of business by the supreme governing body. (5.10.)
• The Committee recommends that an actual audit committee should be established. (5.10.3)
• The Committee also recommends the establishment of a nomination committee, a remuneration committee and additional board committees as required. (5.10.7. and 5.10.8)

Section 6 Remuneration of members of the governing bodies
• It has been clarified that the remuneration package may consist of fixed as well as variable components which are to support a long-term value-creation for the company, and the variable component must be based on actual achievements.
• The remuneration policy and any changes to the policy should be approved by the general meeting. (6.1.2.)
• The remuneration policy should include a thorough description of the components of the remuneration package. (6.1.3.)
• New recommendation that specifies requirements for any variable components included in the remuneration policy, which will, among other things, ensure a reasonable and balanced linkage between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long term. (6.1.5.)
• It is specified that in connection with share-based remuneration, option schemes should not be exercisable earlier than three years from the date of grant. (6.1.7.)
• In exceptional cases, companies should be able to reclaim variable components of remuneration. (6.1.8.)
• Ceiling on the value of termination payments. (6.1.9.)
• Clarification of the linkage between the remuneration policy and the specific remuneration packages (6.2.3.)

New section 7 on Financial reporting
• New recommendation that, upon consideration and approval of the annual report, the supreme governing body should decide whether the business is a going concern, including supporting assumptions or qualifications where necessary. The statement by the supreme governing body should be included in the management records. (7.2.1.)

Section 8 Risk management and internal control
• A more specific recommendation that the central governing body at least once every year should identify the most important business risks associated with the realisation of the company’s strategy and overall goals as well as the risks associated with financial reporting. (8.1.1.)
• New recommendation that the supreme governing body should decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing. (8.2.1.)

• A more specific recommendation that the management commentary in the annual report should include information about the company’s management of business risks. (8.3.1.)

Section 9 Audit

• New recommendation that the supreme governing body should maintain a regular dialogue and exchange of information with the auditor. (9.1.1.)

• New recommendation that the supreme governing body and the audit committee should meet with the auditor at least once every year without the executive board present. (9.1.3.)