KOLLEGIET
FÖR SVENSK BOLAGSSTYRNING

INSTRUCTION NO 1-2010

Rule 9.8 of the Swedish Corporate Governance Code (“the Code") states that the vesting period or the period from the commencement of an agreement to the date for acquisition of shares is to be no less than three years. This requirement is also to apply to synthetic options and other share related incentive programmes that do not involve the acquisition of shares.

On February 1 2010, new Code rules came into force, including new stipulations in Chapter 9, which deals with the remuneration of the board and executive management. These particular rules are based largely on the EU Commission Recommendation of 29 April 2009 as regards the regime for the remuneration of directors of listed companies (2009/385/EC). Paragraph 4.1 of the EU recommendation reads as follows:

> *Shares should not vest for at least three years after their award.*
>
> *Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award.*

Rule 9.8 of the Code is intended to implement this particular provision. Due to its position in the text, the sentence of the Code rule that requires a three year vesting period does not, however, regulate share related incentive programmes that do not involve the acquisition of shares, such as programmes based on synthetic options. This was not the intention.

To ensure that this and other types of incentive programme that do not involve the purchase of shares are subject to a three year vesting period, the relevant sentence of Code rule 9.8 has been moved from the second paragraph to the first paragraph. Following the amendment, the rule reads as follows.

9.8 Share- and share-price-related incentive programmes are to be designed with the aim of achieving increased alignment between the interests of the participating individual and the company’s shareholders. The vesting period or the period from the commencement of an agreement to the date for acquisition of shares is to be no less than three years.

Programmes that involve acquisition of shares are to be designed so that a personal holding of shares in the company is promoted. ~~*The vesting period or the period from the commencement of an agreement to the date for acquisition of shares is to be no less than three years.*~~

Non-executive members of the board are not to participate in programmes designed for the executive management or other employees. Remuneration of non-executive board members is not to include share options.

The change is to apply with immediate effect.

Stockholm, November 16 2010

THE SWEDISH CORPORATE GOVERNANCE BOARD