

Item 16

Guidelines for remuneration to Group Management

The Board of Directors proposes that the Annual General Meeting resolve on the following guidelines for remuneration to Group Management for the period up to the 2019 Annual General Meeting. Compared to the guidelines resolved by the 2017 Annual General Meeting, it has been added that the mutual notice period can be increased to a maximum of 12 months on a case by case basis, with the condition that in all circumstances, fixed salary during the notice period plus any severance pay payable in total will not exceed an amount equivalent to the individual's 24 months fixed salary. Information on estimated costs for variable remuneration is appended to the proposal.

Guidelines for remuneration to Group Management

For Group Management consisting of the Executive Team, including the President and CEO, total remuneration consists of fixed salary, short- and long-term variable compensation, pension and other benefits.

The following guidelines apply for the remuneration of the Executive Team:

- Variable compensation is in cash and stock-based programs, awarded against specific business targets derived from the long-term business plan approved by the Board of Directors. Targets may include share-price related or financial targets at either Group or unit level, operational targets, employee engagement targets or customer satisfaction targets.
- All benefits, including pension benefits, follow the competitive practice in the home country taking total compensation into account.
- By way of exception, additional arrangements can be made when deemed necessary. An additional arrangement can be renewed but each such arrangement shall be limited in time and shall not exceed a period of 36 months and twice the remuneration that the individual would have received had no additional arrangement been made.
- The standard mutual notice period is no more than six months. Upon termination of employment by the Company, severance pay amounting to a maximum of 18 months fixed salary is paid. Notice of termination given by the employee due to significant structural changes, or other events that in a determining manner affect the content of work or the condition for the position, is equated with notice of termination served by the Company.
- On a case to case basis, the mutual notice period can be increased to no more than 12 months in which case there will be a corresponding reduction in severance pay (where applicable). In all circumstances, fixed salary during the notice period plus any

severance pay payable will not together exceed an amount equivalent to the individual's 24 months fixed salary.

Stockholm, February 2018
The Board of Directors

Appendix to proposal on guidelines for remuneration to Group Management

Details of our Remuneration Policy and how we deliver on our policy and guidelines, including information on previously decided long term variable compensation that has not yet become due for payment, can be found in the **Remuneration Report** and in **Note C28, "Information regarding Members of the Board of Directors, the Group Management and Employees"** in the annual report 2017.

With the current composition of the Executive Team, the Company's cost during 2018 for variable remuneration to the Executive Team can, at a constant share price, be estimated to amount to between 0 and 360 percent of the aggregate fixed salary cost, all excluding social security costs.