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# EVALUATION BY THE BOARD OF DIRECTORS OF THE APPLICATION OF THE GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES ADOPTED BY THE ANNUAL GENERAL MEETING 2014

According to the Swedish Code for Corporate Governance (the “Code”), the Board of Directors of a company that applies the Code must observe and evaluate the application of the guidelines for remuneration to senior executives which the Annual General Meeting according to law must adopt, as well as the current compensation structures and compensation levels in the company.

During 2014, the guidelines for remuneration have been as follows.

## *Salary*

The CEO shall receive a fixed salary and a variable remuneration. The variable remuneration shall amount to 2.0 per cent of the group’s earnings before tax, though not more than six months’ salary. In addition, the CEO may have other benefits of a common nature, such as a company car.

The CEO’s salary shall be reviewed annually. This shall take place through negotiations between the CEO and the Chairman of the Board, after which the Chairman shall present a proposal to the other Board members. The CEO shall not be present when the Board discusses and resolves on this issue.

The other senior executives are the Chief Financial Officer (CFO), Director of Research, Director of Development, Chief Technology Officer (CTO), Director of Sales and Marketing, Director of Sales for the Asia & Pacific region, Director of Service and General Counsel.

The Director of Sales and Marketing shall receive a fixed salary and a variable remuneration. The variable remuneration shall amount to a certain percentage of the sales of RayStation® worldwide.

The Director of Sales for the Asia & Pacific region shall receive a fixed salary and a variable remuneration. The variable remuneration shall amount to a certain percentage of the sales of RayStation® in the Asia & Pacific region.

The CFO, Director of Research, Director of Development, CTO, Director of Service and General Counsel shall receive a fixed salary but no variable remuneration.

The salaries of the other senior executives shall also be reviewed annually. This shall take place in negotiations between the CEO and each individual.

### ***Incentive programs***

There are no incentive programs intended specifically for senior executives and none is proposed. However, the senior executives, except the CEO, may participate together with the other employees in such option programs and profit-sharing programs as the company may apply.

### ***Pensions***

All pension undertakings are defined-contribution plans. The retirement age for the CEO and the other senior executives is 65 years and the pension premiums correspond to the Swedish ITP plan.

### ***Period of notice***

If the CEO terminates his employment, his period of notice is six months, and if the company terminates the CEO's employment, the period of notice is twelve months. In both cases, the CEO is entitled to salary during the period of notice. In respect of the other senior executives there is a mutual period of notice of three months during which salary shall be paid.

### ***Severance pay***

Neither the CEO nor the other senior executives shall be entitled to any severance pay, in a formal sense, should their employment cease. However, as described above, the CEO and the other senior executives shall be entitled to salary during the period of notice.

### ***Deviation***

The Board proposes that the Board be entitled to deviate from the above guidelines if there are special reasons for such deviations.

The Board notes that there has not been any deviation from the adopted guidelines, but that these have been applied as described above.

In the opinion of the Board, remuneration to senior executives should be designed so as not to encourage excessive and short-term risk-taking, and so as not to lead to remuneration at levels that could be regarded as offensive by the shareholders or the general public. Given the fact that six out of nine senior executives do not have variable remuneration, and that the three who have both fixed and variable remuneration are entitled to variable remuneration at a reasonable level, it is the opinion of the Board that the remuneration of the senior executives is well balanced.

The Board has also evaluated the levels of remuneration and the structures of remuneration in the company and concludes that they are at market level and reasonable having in mind the need to recruit and keep personnel with cutting edge expertise.