



INSTRUCTION 2-2006

Clarification regarding reporting of non-compliance with certain rules in the Swedish Code of Corporate Governance

During its review of companies' reports on application of the Code in the second half of 2005, the Board has noted some uncertainty about compliance with certain rules and therefore whether deviations need to be explained in accordance with the principle of "comply or explain".

In an effort to clarify these uncertainties and to facilitate future reporting, the Board has issued the following instruction.

Rule 1.2.1 regarding remote participation at shareholders' meetings

All companies which reported non-compliance with this rule in 2005 have explained this by referring to the company's ownership structure and/or to financial considerations.

As this condition is covered by the rule, the Board does not consider this as non-compliance and therefore no explanation is required. Deviation from this rule is only considered to exist where it is clear that the ownership structure justifies offering the possibility of remote attendance or participation and that this is not inconsistent with the company's financial position.

Rule 1.4.3 regarding simultaneous translation of shareholders' meetings

As above, deviation from this rule is only considered to exist where it is clear that the ownership structure justifies offering simultaneous interpretation and/or translation of documents presented by the company at the meeting, and that this is not inconsistent with the company's financial position.

Rules 3.8.2 and 4.2.1 regarding audit and remuneration committees.

Both of these rules allow small boards to fulfil the tasks of these committees, providing that no member of the board who is also a member of the executive management team participates in this work. There is no definition in the Code of what constitutes a small board.

The Code therefore allows the individual board to determine whether the size of the board makes it more practical to carry out these tasks in the whole board (with the exception of members who are in the executive management of the company) or in a separate committee. Non-compliance for reasons other than the size of the board is to be reported and explained.

Stockholm, 18 December 2006

The Swedish Corporate Governance Board