



Template for CEO contract, with comments

The following Contract has been concluded on this date between the Company AB (Corporate ID No.), hereinafter called the Company, and NN (Personal Registration Number). Amendments or additions to this Contract must be agreed by both Parties in writing and attached to this Contract.

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1§ Employment

NN is employed from (date) as CEO of company X based in X city. This appointment is a permanent position.

Comments: The CEO's duties in a company are regulated in the Swedish Companies Act (2005:551), Chapter 8, Section 29. The Board will establish CEO instructions that separate the CEO's responsibilities from the Board's responsibilities and describe his/her duties. These instructions form part of this employment contract. If you are a CEO in an organization that is not a limited liability company, it is equally important to separate the CEO's duties from the Board's. It is the type of duties and conditions of employment that determine whether the position is a real CEO assignment.

§2 Liability insurance

The Company undertakes to take out liability insurance for NN, the Company's CEO.

Comments The CEO may be personally liable for any damages suffered by the Company during his/her period of employment. This liability applies to both purposeful acts and negligence. The insurance company will investigate any claims and pay any damages awarded, unless it is an issue of a clear criminal act or other reason.

§3 Monthly salary

NN will receive, upon commencement of employment, a salary of SEK per month at 20.... salary levels. Salary will be paid in connection with the company's regular salary payments and revised annually thereafter on 1 January, unless the Parties agree otherwise.

Comment: The CEO's salary may consist of several parts; fixed salary and some form of variable components. Salary and other benefits should be regarded as a whole. Salary and other benefits will correspond to responsibilities as CEO, company

turnover, size, sector and field of activity (global or national). In addition to these parameters, CEO's salary will be based on market expectations and your own personal market. For CEOs who are at the end of their professional careers there may be cause to ask for higher pension provision to compensate for pension contributions not providing full return at higher income levels.

The CEO's salary and benefits in a limited liability company must be reported in the company's annual report.

§4 Performance salary/Bonus

In addition to fixed salary, variable salary/bonus will be paid according to Annex to this agreement.

Comments: It is important to establish:

- 1) For which period are the terms of the Contract on bonus/variable pay valid?
- 2) Exactly which results does the Company measure, i.e. what generates these rewards?
- 3) How and when it is paid and in what form?
- 4) The tax rules that apply to these payments?

Variable salary components may consist of:

- commission - in which the variable salary is paid in relation to the achievement of certain sales.
- bonus - an additional salary, which is paid based on a previously-established bonus programme, often related to certain groups based on results achieved.
- incentive programmes - CEO may purchase or obtain warrants or shares in the company at a predetermined price. The Swedish Association of Professional Scientists recommends professional financial advice as concerns incentive programmes.

§5 Occupational pension and insurance

The Company pays pension contributions according to the ITP plan or corresponding pension benefits. In addition, NN and the Company may agree to make additional pension provisions according to Annex..... The Company takes out group life insurance (TGL) and occupational injury insurance (TFA) and business travel insurance for NN.

Comment: The higher the income a CEO has, the lower the statutory and collectively agreed pension provisions are relative to income. Consequently, it is common for CEO benefits to also include pension provision to bridge the difference between salary level and other benefits and pension provisions. Consultations with a pensions expert is usually money well spent in order to gain an overview of future income upon retirement.

Insurance that should be taken out is occupational injury (TFA) and group life insurance (TGL) as well as business travel insurance that also applies to travel abroad.

Information on contractual insurance and occupational pensions according to the ITP plan is available at www.ptk.se.

§ 6 Company car

NN will receive a free car as a taxable benefit according to the Swedish Tax Agency norms for car make XX. If the company car benefit is withdrawn, NN will receive a corresponding increase in monthly salary.

Comments: All company vehicles are in taxed as benefits as well as costs for car parking spaces in attractive locations. It is important to find out how a company car may be used and conditions concerning fuel, service, possible congestion charges and other costs incurred. The value of the company car will be determined according to the Swedish Tax Agency calculation rules for company car benefits in order to allow redemption at a later date. As CEO, you will be the company's face to the world so if the company has any kind of environmental policy it is of particular importance to consider this when choosing a company car.

Tax consequences and taxable benefit levels can be found at www.skatteverket.se.

§ Business travel

For business travel, travel expenses and daily allowances (per diem) are paid in accordance with current collective agreement or current Company travel policy, although always at the lowest amount that is the equivalent of the Swedish Tax Agency standard amount for untaxed daily allowance.

Comments: Taxation regulations concerning business travel and daily allowances for different countries can be found at www.skatteverket.se. It is vital to check that there is full insurance protection in place for domestic and international travel – both accident and medical emergencies.

§ 8 Entertaining

Reimbursement of verified costs for entertaining.

Comments: Taxation regulations for entertaining can be found at www.skatteverket.se.

§ 9 Holidays

Holiday days amount to XX days per year. Holidays in advance will apply without offsetting.

Comments: The Annual Leave Act also applies to CEOs. Employees with no entitlement to overtime may be recompensed by higher salary and/or longer holidays. As CEOs usually work a considerably longer working week than 40 hours, the Swedish Association of Professional Scientists recommends a longer holiday period in order to achieve a reasonable workload during the year.

§ 10 Compassionate leave

Paid leave of one or several days may be granted in the case of the illness of a close relative, death in the family or to attend a funeral or other circumstance that is assessed as motivating paid leave.

Comments: You are always entitled to unpaid leave in accordance with the Act on subsidies and leave of absence to take care of close relatives (1988:1465) and Act on entitlement to leave due to urgent family circumstances (1998:209).

§ 11 Periods of notice

NN must give a period of notice of 3 months.

Periods of notice as concerns the Company:

Length of employment	Period of notice	Severance pay
Less than 5 years	6 months	equivalent of 12 months
More than 5 years, less than 10	6 months	equivalent of 15 months
More than 10 years, less than 15	6 months	equivalent of 21 months
More than 15 years	6 months	equivalent of 27 months

CEOs are not covered by the Employment Protection Act, LAS, which means appointments may be terminated with immediate effect with no cause given. Consequently, CEOs' periods of notice are regulated in employment contracts. Severance pay will be paid in addition to the period of notice if the employer terminates the employment contract or if the prerequisites for the position change significantly. NN will retain all benefits if released from work responsibilities during the period of notice.

Severance pay to be equivalent to gross cash salary, the average value of bonuses and variable salary and the value of company car benefit but excluding holiday pay at date of termination. This payment is made when employment ends, or on another date as agreed by the Parties.

Comments: *Agreed pension benefits are not usually included in severance pay, which is why a special agreement should be reached regarding pension benefits. If the CEO is not required to work the period of notice, he/she will retain all benefits. Duty of loyalty and non-competition clauses may limit the CEO's ability to take another job. The Swedish Association of Professional Scientists can help you to establish a supplemental agreement that determines conditions if you to terminate your employment as CEO.*

§ 12 Competence development

NN will receive competence development inputs on a continuous basis as concerns the tasks of a CEO. NN is entitled, at the expense of the Company, to access external expertise in the form of mentor, coach or network.

Comments: *The role of CEO is often a lonely one so it is especially important that the CEO has access to some form of support or network outside the workplace. The in-house publication **Naturvetarna chef** provides tips and advice on these issues.*

§ 13 Parental allowance in connection with the birth or adoption of a child

Parental allowance is paid, at a minimum, in accordance with current collective agreement, or collective agreement applicable to relevant business area.

Comments: Information concerning parental allowance can be found at www.naturvetarna.se/avtalsarkiv. If the company has no collective agreement, you must negotiate an individual agreement on parental allowance.

§ 14 Health and medical insurance

The Company undertakes to obtain health and medical insurance for NN.

Comments: Health and medical insurance ensures rapid access to medical advice and care, which in turn means less time away for health reasons. The Swedish Association of Professional Scientists offers its members such insurance via Akademikerförsäkring, see www.akademikerforsakring.se.

§ 15 Sick pay and topping up of sick pay

In cases of illness, levels of benefits will be the equivalent of the levels in the ITP Plan, and according to the stipulations of the Sick Pay Act.

Comments: There is both statutory sick pay and collectively agreed sick pay. If there is no collective agreement in place, only statutory sick pay will be provided. For the first 14 days, the employer is responsible for paying sick pay, excluding a qualification day, and up to 7.5 Price Base Amounts. From day 15, Försäkringskassan (National Social Insurance Agency) pays 77.6% of your salary up to 7.5 Price Base Amounts. The remaining parts consist of the collective agreement ITP Plan.

Information on Price Base Amount can be found on www.scb.se.

Information on ITP Plan found on www.ptk.se.

§ 16 Copyright

The employee's copyright is managed in accordance with the Act on Copyright in Literary and Artistic Works.

Comments: In that you become an employee, your rights of copyright to your material are transferred to your employer.

Consequently your employer may freely use and further develop or modify such material. When you produce materials that reach the threshold of originality, you have the moral rights to the material, which means that you have the right to be identified as the author and the material cannot be distorted or used in an offensive context.

The Act on Copyright in Literary and Artistic Works (1960: 729) can be found on www.riksdagen.se.

(Threshold of originality = the level of originality and independence a literary or artistic work needs in order to gain protection by copyright.)

§ 17 Inventions

Employees' rights to their inventions are managed in accordance with the Act on the right to employees' inventions (1949: 345) or by collective agreement (Agreement concerning the right to employees' inventions, signed between the Confederation of Swedish Enterprise and Industry and PTK in 2015).

Comment: *The Act on the right to employees' inventions relates to reasonable compensation for patentable inventions, developed while employed as part of the job. As the CEO's position as an employee is not always clear, it is important to clarify what applies in the employment contract. Irrespective of agreement, the right to fair compensation is always mandatory and cannot be removed by contract.*

§ 18 Confidentiality

The Act on the protection of trade secrets (1990:409) applies to this position.

Comments: *the employee's duty of confidentiality is regulated in Section 7 of this Act among others. A confidentiality clause including administrative fines should be avoided.*

§ 19 Disputes

1. Disputes concerning this contract will be settled in the Swedish Court with the application of Swedish law.
2. If the case is to be settled via arbitration, the arbitration procedure will occur in accordance with the Arbitration Act (1999:116). Irrespective of the result, the Company will be responsible for the costs for the arbitration procedure.

Comments: *Disputes concerning this contract should primarily be solved through negotiation irrespective of whether a dispute is finally to be settled in the courts or through arbitration. Arbitration is an expensive process so it is in the interest of the parties to negotiate a solution. The Swedish Association of Professional Scientists offers advisory services and negotiation help on contract issues.*

§ 20 Signatures

Each party has taken one original.

Place and date

(Authorised Company representative)

NN