

AGREEMENT

Based of the European Council directive "94/45 EC concerning the establishment of a European Works Council" and the Swedish Act (1996:359) on European Works Council, the following agreement have been established between XY and the employees of the XY-group in Europe, as defined in article 3.1, regarding provision of information and consultation on a European level within the XY-group.

1. INTRODUCTION

- 1.1 The object of this Agreement, in line with the visions and values of XY according to which its employees are employed as equal team members in an open and trusting environment, is the establishment of procedures by which the management of XY ("the Management") can provide information, communicate to and consult with representatives of the employees of the XY-group in Europe on significant issues of a transnational nature.
- 1.2 For this dialogue to be wholly constructive the parties recognise that the procedures established by this Agreement, as well as the approach to the discussion of issues, must continually reflect the context, heritage, culture, competitive position and evolving organisation of the XY-group which has recognized for long that the key employment relationship is that between the individual team member and his local operating unit. The local parties must, however, always observe their respective obligations towards the XY-group as a whole.
- 1.3 The parties to this Agreement also recognise that the procedures established through this agreement shall not infringe upon issues that are most favourably discussed on a local or national level in accordance with the national labour legislation.

2. SCOPE

- 2.1 The Works Council of XY, XY - EUROPEAN WORKS COUNCIL ("EWC") is established.
- 2.2 The EWC shall be forum for the provision of information from the Management and consultation between Management and the Employees represented by the EWC as a basis for a constructive exchange of views and discussions of questions dealing with the XY-group's industrial, economic, commercial, financial, technical and structural development and human resources and other humanitarian matters in connection with the total business operation of the XY-group.

- 2.3 The Management of XY will provide written information to the EWC representatives quarterly within the areas mentioned in article 2.2 and within the scope described in article 2.5. according to exhibit 1, hereto.
- 2.4 The management of XY will furthermore provide EWC through the EWC Working Committee, to be formed in accordance with article 8 below, (the "Working Committee"), with relevant information, such as background, reasons, targets and consequences prior to any decision of a transnational nature affecting the employees in two countries or more, within the scope of this Agreement, so that necessary consultation according to the meaning of the EC directive can be hold.
- 2.5 The scope of this Agreement shall be limited to important issues of a transnational nature, i.e. issues affecting two or more countries. Issues regarding a separate companies or a specific country shall not be the subject of debate in the dialogue to be established though this Agreement. Issues regarding payment, compensations or benefits shall not be discussed in the forum established by this Agreement.
- 2.6 Consultation according to articles 2.4 and 2.5 will be held after a written request from the Working Committee to the Management, where the Management will meet the Working Committee.
- 2.7 In exceptional circumstances affecting the employees interest in more than one country to a considerable extent, particularly in the event of relocation, the closure of establishments or undertaking or collective redundancies additional meetings between the representatives of the Management, the Working Committee and the representatives of the EWC appointed from the countries directly effected by such a question, may be convened, after consultation between the Working Committee of the employees and the Management. Prior to the meeting the Company shall provide the Working Committee with a written report concerning the matters to be discussed at the meeting.
- 2.8 Representatives of the EWC may be assisted by a maximum of two (2) external experts during meetings. The Working Committee shall inform the Management before making use of such an expert. If EWC needs additional experts, a mutual agreement shall be made together with the Management.

3. GEOGRAPHICAL SCOPE OF THE AGREEMENT

- 3.1 This Agreement applies to all employees of the XY-group within the European Union (EU) and EEA.

4. COMPOSITION OF THE EUROPEAN WORKS COUNCIL

- 4.1 The EWC will be made up of representatives of all the employees of the XY-group within the countries designated in Article 3.1. The XY-group means XY and all companies directly or indirectly controlled by XY. If a company no longer fulfils the requirements set out above, due to a transfer of shares or otherwise, this Agreement shall cease to apply to the employees of that company. If a company becomes directly or indirectly controlled by XY, due to an acquisition of shares or otherwise, this Agreement shall become effective as between XY and the employees of such a company.
- 4.2 The number of employees for each country shall decide the number of representatives in the EWC from each country. This figure shall be calculated by adding the "average number of employees" from the country, as published in the annual accounts of the XY-group from the previous two years, after which the total number shall be divided by two. The numbers, thus calculated, shall be updated annually when the annual accounts of the XY-group are made public.
- 4.3 One (1) representative in the EWC shall be appointed from each of the countries according to Article 3.1 where the total number of employees within the XY-group is less than three hundred (300). Two (2) representatives shall be appointed from each country where the number of employees within the XY-group amounts to between three hundred (300) and one thousand (1000) employees. Three (3) representatives shall be appointed from each country where the number of employees within the XY-group is over 1000. The determination of the number of employees shall be performed in the manner set out in Article 4.2.
- 4.4 To achieve an effective communication between the EWC and the Board of Directors of XY, representatives of the employees on the Board of Directors of XY, and their official deputies, shall within themselves appoint two (2) persons, as representatives in the EWC. These appointed persons are in addition to the representatives appointed according to Article 4.3 above.
- 4.5 In order for the EWC to function effectively, the parties to this Agreement agree that the number of representatives in the EWC should be limited to a number that may be deemed to function optimally, without setting aside the important principle of due representation. Taking into account possible growth of the XY-group within Europe, the future number of employee representatives in the EWC shall be no more than thirty (30) under normal circumstances. Should the number of representatives according to Articles 4.3 and 4.4 above exceed this number, the Management and the EWC shall agree on amendments in Article 4.3 ensuring that the number of representatives does not exceed thirty (30).

5. SELECTION OF EMPLOYEE REPRESENTATIVES

5.1 Selection of the employee representatives shall follow the procedures set out below:

- a) In countries which have procedures following national law, those procedures shall apply.
- b) In countries without procedures following national law, but where bodies for consultation between companies and their employees exist in the form Comite de group, Betriebsrat, Works Councils etc., the principles for nomination shall be set by these bodies.
- c) In countries lacking such a body for consultation, the principles of nomination shall be set by the employees.
- d) Should there be a dispute between different employees or trade unions or other employee representatives regarding, the nomination and election procedures by which the EWC representatives shall be appointed, then the following guidelines shall be followed. All XY-group employees are eligible to stand for election to the EWC. All XY-group employees are eligible and entitled to vote for the number of representatives as governed by Article 4.3. i.e. if a country is entitled to two (2) representatives then each employee is allowed to vote for two (2) eligible candidates, elected with relatively majority.

5.2 Deputy representatives shall be elected according to the same rules as described in Article 5.1. Deputy representatives shall only be summoned to meetings of the EWC if an ordinary representative cannot be present and then by that ordinary representative personally. In exceptional cases the Working Committee could invite the deputy to participate at meetings of the EWC.

5.3 The employee representatives in the EWC shall be appointed for periods of three (3) years, unless compulsory national law requires a different period. If a representative during those years, irrespective of cause, leaves his/her employment in a company, belonging to the XY-group, within the country represented by the representative, that representative shall automatically and with immediate effect lose his/her right to attend the meetings of the EWC and shall be replaced as a representative in the EWC, by his/her deputy. The same shall apply for any representative employed in a company which ceases to be a part of the XY-group. If the number of employees in a country fall below the number which guarantees additional representation in the EWC in accordance with Article 4.3, the representatives of such country shall remain for the duration of the elected term, after which the number of representatives from that country shall be decreased to the relevant level in accordance with the formula set out in Article 4.3. The elective body of a country's employees have the right to replace its representative in the EWC during his term of appointment.

6. MEETINGS

- 6.1 The European Works Council and The Management of XY shall meet once a year. In addition to the above meeting, the European Works Council shall be entitled to meet separately once a year for one day.
- 6.2 Representatives of the Management shall head the meetings between the Management and the EWC and co-ordinate the arrangements of all EWC-meetings.
- 6.3 Meetings between the Management and the EWC, as well as the separate meeting with the EWC representatives, shall take place at one of the companies in the XY-group in Europe on a day and time to be mutually agreed between the Management and the Working Committee. Invitation will be sent out two months prior to the meeting.
- 6.4 Meetings between the Management and the EWC as well as the separate meeting with the EWC representatives shall be held using the corporate language of the XY-group, which is English.
- 6.5 Interpretation shall be arranged at all EWC meetings to the extent it is required. The cost for such interpretation shall to the extent set out in Article 11.1 are paid by XY.
- 6.6 The agenda for meetings between the Management and the EWC shall be agreed between the Management and the Working Committee not less than two (2) weeks prior to the day of the meeting. This agenda shall be written in English and be handed out to the representatives in the EWC no less than two (2) weeks prior to the day of the meeting. Before the meeting takes place the agenda shall also be handed out to the companies of the XY-group in the countries which are represented in the EWC. If necessary due to language difficulties, the employee representatives may request translated copies of all material regarding the EWC from the local Company. The Working Committee shall determine the need for such translations. The representatives have the right to use the communication facilities available at the Company to transfer information regarding EWC.
- 6.7 After meetings between the Management and the EWC, the Working Committee and the Management shall issue a joint communiqué in English to be distributed to all members of the EWC. This communiqué shall be made public in written form in order to enable all employees of the relevant countries to receive information regarding the deliberations between the EWC and the Management. The English version of the communiqué and not translated versions shall be regarded as the final minutes from the meeting between the Management and the EWC. Any translation of the communiqué that are necessary shall be undertaken locally by the companies in the respective countries. For the separate meeting with EWC a communiqué from EWC will be send out with the same procedure as above.

7. THE PREPARATORY MEETING OF THE EMPLOYEE REPRESENTATIVES

- 7.1 To prepare for the meetings between the EWC and the Management, all representatives of the EWC may meet for half a day for a preparatory meeting. The preparatory meeting shall normally be held immediately before the meeting between the EWC and the Management.

7.2 Immediately after the meeting between the EWC and the management the representatives shall be given the opportunity to have a half a day follow up meeting. Meetings between the EWC and the Management may not take up more than three days, including travel and possible preparatory and follow-up meetings as set up above.

7.3 Interpretation shall be available during the preparatory meeting and the follow-up meeting in accordance with the same rules as set out in Article 6.6 and 11.1.

8. THE WORKING COMMITTEE OF THE EMPLOYEE REPRESENTATIVES

8.1 A working committee consisting of three (3) representatives, chairman, vice-chairman and a secretary shall be formed and selected amongst the representatives of the EWC. The term of office shall be three (3) years. At least one representative in the Working Committee shall be a representative from the country where XY has its head office.

8.2 The Working Committee shall be responsible for the way in which the employee representatives shall conduct preparatory and follow-up meetings with the EWC.

8.3 The Working Committee is responsible for organising the activities of the EWC, especially regarding:

- a) reaching an agreement with the Management regarding the agenda and the day, time and place for meetings between the Management and the EWC.
- b) reaching an agreement with the Management regarding the communiqués to be made public according to Article 6.7;
- c) demanding the nomination of representatives;
- d) informing the Management of the names and addresses of the representatives of the EWC;
- e) maintaining contact with the external experts in order to prepare the EWC Meeting; and
- f) other similar questions of an administrative nature, which are necessary for the EWC to function effectively.

The Working Committee shall meet when necessary in order for it to perform the duties above. The Management shall be informed about such meetings in advance.

8.4 The Working Committee hereby empowered by the EWC to shall act as signatory on behalf of the EWC for any agreements between EWC and the Management.

8.5 The Management and Working Committee shall discuss the total costs for the EWC. XY shall make secretarial and administrative services available to the Working Committee, so that it may function properly.

9. INFORMATION REGARDING THE DISCUSSION IN THE EWC

9.1 The Parties recognise that there may be a need for giving a more detailed account of information regarding the EWC to the local employee representatives, than the summary set out in the communiqué issued, in accordance with Article 6.7. The following procedure for information should be applied:

- a) In countries where bodies for consultation between companies and their employees exist, information regarding the EWC, shall be given at the next meeting of the body in question to which an EWC Representative can be invited, or if the local consultation body invite the EWC representative to meet the employees.
- b) In countries where there are no such consultation bodies the representatives of the country have right to give information regarding the EWC to the employees. The representatives in the EWC from the country, the Management and the Working Committee, shall agree on the most appropriate form for such information as quickly as possible.

10. TRAINING OF THE EMPLOYEE REPRESENTATIVES

10.1 It is the intention of the parties that representatives of the EWC shall master the English language to such an extent that no interpretations shall be necessary. In order to ensure that the deliberations between the Management and the EWC are of a standard that befits a transnational, world-wide business enterprise, the representatives of the EWC shall be given the opportunity to undergo training in the English language, inter cultural training as well as such business and financial questions, which are especially related to the accounting methods of the XY-group. The training shall be planned in the representatives local company and be held in accordance with the local laws and/or agreements applicable in the country where the representative is employed.

11. COSTS

- 11.1 The running costs for the EWC including costs associated with the meetings between the EWC and the Management, as well as the separate meeting with the EWC representatives, preparatory and follow-up meetings the external experts and work of the Working Committee - according to this Agreement - shall be borne by XY. With regard to costs for interpretation at meetings, XY shall only bear the cost of translations from English to such languages as are determined by the Working Committee.
- 11.2 Costs relating to salaries for days used for meetings, which are co-ordinated through this Agreement, travel to and from such meetings, and the training of employee representatives, shall be borne by the employing companies in accordance with the local laws and/or agreements applicable in the country where the representative is employed whereas cost for accommodation and meals for the representatives shall be paid by XY.
- 11.3 The parties to this Agreement and their representatives shall co-operate in order to procure every kind of funding or subsidy as from time to time may be available for costs related to the EWC from the European Commission, national governments or other public authorities.

12. SECRECY

12.1 In accordance with its vision and values, XY wishes as much open debate in the EWC as possible. There will, however, be occasions when the Management prescribe a duty of confidentiality for the EWC participants and the experts who fulfil duties pursuant to this agreement, where such is required in the best interest for the Company. A person subject to duty of confidentiality who receives information on behalf of the EWC may, notwithstanding the duty of confidentiality, transmit such information to other members of the EWC and EWC's experts. The right to transmit information shall only apply where the provider of the information notifies the recipient in respect of the duty of confidentiality. In such cases, the duty of confidentiality shall also apply to the recipient.

13. PROTECTION OF THE EMPLOYEE REPRESENTATIVES

13.1 The employee representatives of the EWC shall, in the exercise of their functions under this Agreement enjoy the same protection and guarantees provided for employee representatives by national legislation and/or practice and/or agreement in the country in their country of employment.

13.2 No Company within the XY-group shall discriminate against an employee as a result of him/her being a representative in the EWC. No representative of the EWC shall be dismissed without the prior written approval of the Management and a prior written notification being sent to the Working Committee. The written approval shall be communicated to the representative. If a representative is dismissed without such prior approval and notification the dismissal shall be regarded as void. Before the written approval is given, the representative shall be given the opportunity to present their case to the management.

14. APPLICABLE LAW AND ARBITRATION

14.1 This agreement is subject to Swedish law.

14.2 Any dispute arising out of or in connection with this Agreement or the breach, the Swedish labour court thereof, shall finally settle termination or invalidity. The legal proceedings shall take place in Stockholm.

15. AUTHORITY

15.1 The Management's signatories are authorised to conclude this Agreement on behalf of XY and its relevant subsidiaries.

15.2 The employee representatives are authorised to conclude this Agreement on behalf of employees concerned by the relevant European trade unions and trade union like organisations, the European Metal Workers' Federation (EMF) and its national trade unions and for the employees not belonging to trade union within the concerned companies of the XY-group.

COMPANY XY
EUROPEAN WORK COUNCIL AGREEMENT

16. TERM OF AGREEMENT

16.1 This Agreement shall become effective from the date of signing by both parties hereto.

16.2 This Agreement may be amended or altered only by mutual written understanding of the Parties.

16.3 Both parties may terminate this Agreement by giving the other party a prior written notice of six months to the end of every year, however at the earliest to 31 December 20__.

Date:

Place:

On behalf of XY

On behalf of the
EWC Representatives

Exhibit 1

The duty for information and consultation according to the scope of this agreement, article 2.5, are particularly effective regarding

- the structure and organisation of XY. Including List of companies and branches.
- the financial and economical situation.
- the expected development of business, production and sales.
- the employment situation and expected development.
- investments.
- basic changes of the organisation.
- the introduction of new working or production methods.
- movements of work.
- mergers, splitting or closures of companies or important parts of companies.
- personnel reductions.
- status and development of employee competencies (Training, Experiences etc.).
- training and qualification activities.
- implementation of equality between women and men.
- working and environmental protection.
- rationalisation and restructuring plans.
- other issues, actions, decisions and plans which could have an effect on the interests of the employees.