



## PRESS RELEASE

4 april 2017, Solna

### **Annual General Meeting 2017 BillerudKorsnäs AB (publ)**

The shareholders of BillerudKorsnäs AB (publ) are hereby invited to attend the annual general meeting, to be held on Wednesday 10 May 2017 at 3.00 p.m. at Hotel Rival, Mariatorget 3, in Stockholm, Sweden.

The premises for the meeting will be open for registration at 2.00 p.m. Coffee will be served prior to the commencement of the meeting.

Notice of attendance at the meeting shall be given no later than Thursday 4 May 2017, see next page in this document for further information on how you notify your intention to attend.

#### **The agenda items in brief**

The board's proposed agenda for the annual general meeting, and the complete proposals are stated in this document.

The proposed resolutions are, in brief, the following:

#### Annual report, dividend and discharge of liability for 2016

- The meeting shall adopt the annual report for 2016. The annual report is available on the company's website [www.billerudkorsnas.se/en/Investor-Relations/](http://www.billerudkorsnas.se/en/Investor-Relations/) from 6 April 2017 under the heading "Financial Reports".
- The meeting shall resolve upon the disposition of the year's result. The board proposes a dividend of SEK 4.30 per share for 2016 that is estimated to be paid out to the shareholders on 17 May 2017.
- The meeting shall resolve whether or not to discharge the board and CEO of liability for 2016.

#### Election of board and auditor, as well as remuneration to the board and auditor and procedure for appointing the nomination committee

- The meeting shall elect the company's board. The nomination committee proposes re-election of all current board members, except Gunilla Jönson and Jan Homan who have declined re-election. Christian Saclier and Victoria Van Camp are proposed by the nomination committee as new board members.
- The meeting shall resolve on remuneration to the board and auditor. The nomination committee proposes an increase of the remuneration to the board and of the remuneration to the chairman of the audit committee and that the auditor's fee shall be paid in accordance with approved invoices.
- The meeting shall elect auditor. The nomination committee proposes that KPMG is re-elected as auditor for one more year. Ingrid Hornberg Román will continue as auditor-in-charge.



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## Guidelines for remuneration to senior executives and a long term share based incentive program

- The meeting shall adopt guidelines for remuneration to the company's senior executives. The board's proposal to guidelines for remuneration is unchanged since 2016.
- The meeting shall consider the board's proposal to introduce a long term share based incentive program for a maximum of 100 of the company's executive officers, other key personnel and talents. The program has the same structure as the previous years' share based incentive programs, but with the change that vesting of one-half of the share rights, in each series of share rights, is made conditional upon that the total shareholder return on the BillerudKorsnäs' share exceeds 0 per cent during the program's measurement period.

At the meeting, the company's CEO, Per Lindberg, will give a presentation and inform about BillerudKorsnäs' business operations. In connection with the presentation, the shareholders will be given the opportunity to ask questions. After the meeting, the CEO's presentation will be available at the company's website [www.billerudkorsnas.se/en/About-Us/Corporate-Governance/](http://www.billerudkorsnas.se/en/About-Us/Corporate-Governance/) under the heading "General Meetings".

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Solna in April 2017

*The Board of Directors*

## **Information on notification to the meeting etc.**

### ***Notification***

Shareholders who wish to attend the annual general meeting must give notice of their attendance to the company no later than on Thursday 4 May 2017 and be recorded in the share register (maintained by Euroclear Sweden) on Thursday 4 May 2017 (the so called "Record Date"). Notice may be submitted:

- by mail to BillerudKorsnäs AB (publ), "AGM", Box 7841, 103 98 Stockholm, Sweden; or
- by telephone to +46 8-402 90 62; or
- on [www.billerudkorsnas.com/AGM2017](http://www.billerudkorsnas.com/AGM2017) under the heading "General Meetings".

The notification shall state the name and should in addition thereto state the personal/company registration number, address, telephone number and the number of any advisors (not more than two). Entrance cards, which shall be presented at the entrance to the meeting venue, will be sent out from 5 May 2017.

### ***Nominee-registered shares***

Shareholders whose shares are nominee-registered must – in addition to giving notice – temporarily re-register the shares in their own name at Euroclear Sweden. Such re-registration should be requested at the nominee well before the Record Date (i.e. well before 4 May 2017).

### ***Proxies***

Shareholders may attend the annual general meeting represented by a proxy or representative. Shareholders who wish to exercise this possibility should well before the meeting, preferably no later than 4 May 2017, submit a power of attorney, registration certificate or other documents of authority



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to the company at the following address: BillerudKorsnäs AB (publ), "AGM", Box 7841, 103 98 Stockholm, Sweden. A template proxy form is available on the company's website, [www.billerudkorsnas.se/en/About-Us/Corporate-Governance/](http://www.billerudkorsnas.se/en/About-Us/Corporate-Governance/) under the heading "General Meetings".

## ***Documentation***

All documentation that serve as a basis for the resolutions at the annual general meeting, except for the annual report, is included in this document.

All documentation, including the annual report, will be available as of 6 April 2017 on the company's website, [www.billerudkorsnas.se/en/About-Us/Corporate-Governance/](http://www.billerudkorsnas.se/en/About-Us/Corporate-Governance/) under the headings "General Meetings" and "Financial Reports". The documentation is also available at the company's office on Frösundaleden 2 B, Solna, Sweden. Shareholders that wish to have the documentation sent by mail may contact the company by telephone +46 8-402 90 62 and state their postal address.

## **NUMBER OF SHARES**

At the time of the issuance of this notice there were in total 208,219,834 shares in the company representing one vote each, and accordingly the total number of votes was 208,219,834. The company owned 1,130,498 of its own shares, which may not be represented at the meeting. The total number of votes in the company at the time of the issuance of this notice was therefore 207,089,336.

## ***Information on the shareholders' right to request information***

Upon request by any shareholder and where the board deems it possible without causing significant harm to the company, the board and the CEO shall, at the meeting, provide information in respect of any circumstances which may affect the assessment of a matter on the agenda and any circumstances which may affect the assessment of the company's financial position. This obligation to provide information shall also apply to the company's relationship to other group companies, group accounts and such circumstances regarding subsidiaries as specified in the previous sentence.

## ***Information to non-Swedish speaking shareholders***

This is an English translation of the original Swedish notice. For the convenience of non-Swedish speaking shareholders, the proceedings of the Annual General Meeting will be simultaneously interpreted into English. This service may be requested when you notify your intention to attend the Annual General Meeting.

## **Proposed agenda for the annual general meeting 2017**

1. Opening of the meeting.
2. Election of chairman of the meeting.
3. Drawing up and approval of the voting list.
4. Election of one or two persons to verify the minutes.
5. Determination as to whether the meeting has been duly convened.
6. Approval of the agenda.
7. Presentation of the annual report and the auditors' report as well as the consolidated accounts and consolidated auditors' report for the 2016 financial year.



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8. Report on the work of the board and board committees during the past year.
9. Presentation by the CEO.
10. Resolution on
  - (a) the adoption of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet for 2016,
  - (b) the disposition of the company's profits based on the adopted balance sheet for 2016 and the record date for the dividend, and
  - (c) discharge from personal liability for board members and the CEO for their administration for the year 2016.
11. Report of the nomination committee's proposals.
12. Resolution on number of board members to be elected by the meeting.
13. Resolution on remuneration for board members and committee work and on fees for auditors.
14. Election of board members:
  - (a) Andrea Gisle Joosen (re-election, proposed by the nomination committee),
  - (b) Bengt Hammar (re-election, proposed by the nomination committee),
  - (c) Mikael Hellberg (re-election, proposed by the nomination committee),
  - (d) Lennart Holm (re-election, proposed by the nomination committee),
  - (e) Michael M.F. Kaufmann (re-election, proposed by the nomination committee),
  - (f) Kristina Schauman (re-election, proposed by the nomination committee),
  - (g) Christian Saclier (new election, proposed by the nomination committee), and
  - (h) Victoria Van Camp, (new election, proposed by the nomination committee).
15. Election of chairman of the board and vice chairman of the board.
16. Election of auditor.
17. The board's proposal regarding guidelines to senior executives.
18. The board's proposal regarding
  - (a) long term share based incentive program for 2017,
  - (b) authorisation for the board to resolve on repurchase of own shares, and
  - (c) transfer of own shares.
19. Resolution on proposals (a)-(o) from shareholder.
20. Closing of the meeting.



## Complete proposals

### The nomination committee's proposals and motivated statement

#### *Composition of the Nomination Committee 2016/17*

The nomination committee in BillerudKorsnäs consists of members appointed by the company's four largest shareholders, and jointly represents more than 30 per cent of the votes in the company:

- Michael M.F. Kaufmann, appointed by Frapag Beteiligungsholding AG;
- Tomas Risbecker, appointed by AMF Försäkring & Fonder;
- Lennart Francke, appointed by Swedbank Robur fonder; and
- Pia Axelsson, appointed by Fjärde AP-fonden (AP4).

Michael M.F. Kaufmann, who has been appointed by the company's largest shareholder, Frapag Beteiligungsholding AG, is the chairman of the nomination committee.

#### *The nomination committee's motivated statement regarding its proposals to the annual general meeting*

In accordance with rule 2.6 of the Swedish corporate governance code, the nomination committee gives the following statement regarding its proposals to the annual general meeting, including an account of the nomination committee's work and a description of its diversity policy.

The nomination committee was convened during the fall of 2016 and has since then prepared its proposals for election of chairman of the meeting, election of the board, election of auditor and remuneration to the board and the auditor etc. The nomination committee has held physical meetings and in addition a number of phone and e-mail conversations.

As the basis for its work and decisions, the chairman of the board has given a high level presentation of the company's operations, targets and strategies as well as the work of the board during the past year. The result of this year's evaluation of the board has been reported to the nomination committee. The members of the nomination committee that are not also members of the board have furthermore conducted one-on-one interviews with selected board members and have met with the company's CEO, who presented the company's business. The nomination committee has through this been able to conclude that the results from the board evaluation concurs with the picture presented by the individual board members in the one-on-one interviews, and that the board's work during the past year has worked well, with a high level of commitment and attendance. An assessment has also been made in respect of each member's ability to devote the board assignment sufficient time and commitment.

In its work prior to this year's annual general meeting, the nomination committee has made an assessment of the composition and size of the current board as well as BillerudKorsnäs' operations. Areas of particular interest have been BillerudKorsnäs' strategies and goals and the requirements expected on the board following from the direction of the group as well as the importance of continuity in the board's composition. The nomination committee has found that the board jointly has the relevant knowledge and experience to drive the development of BillerudKorsnäs. In its efforts to further develop the mix of separate competencies and experiences at board level to increasingly match the strategic priorities and direction of BillerudKorsnäs, the nomination committee has managed to identify and attract two persons to replace Jan Homan and Gunilla Jönson, who are



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resigning from the board, which will bring two sets of separate but complementary experiences and areas of expertise to the board – Christian Saclier and Victoria Van Camp.

Christian Saclier is Global Head of Industrial Design at Nestlé since 2012. Christian joined Nestlé in 2008 as Technology Scouting & Sustainability Lead at Nestlé's Research Center. Prior to joining Nestlé, Christian spent 4 years with Roche, Consumer Health, as International Packaging Development Manager and 8 years with Novartis as Global Head of Packaging Innovation and other executive positions related to innovation and technology. Focus has been on packaging design and material science including digital interactive packaging. Christian is a lecturer at IMD Business School in Switzerland and an international keynote speaker on innovation & design principles. Christian is a French national, and graduated with a Master of Science in Chemistry from the Technical and Chemical Institute in Lyon, as well as a Bachelor of Science in Macromolecular Chemistry from Lyon I University.

Victoria Van Camp is President, Business & Product Development, at SKF Group since 2016. Victoria joined SKF in 1996 and has, prior to assuming her current role, been working as Director of Industrial Market Technology & Solutions, and as Director of Product Innovation Lubrication BU as well as in several other positions related to business based innovation within the SKF Group. Victoria is also a board member of PREERA. Victoria is a Swedish national and graduated with a Master of Science in Mechanical Engineering, and a PhD in Machine Elements from Luleå University of Technology.

The nomination committee is of the opinion that the proposed board represents competence and experience within the operational and financial fields, marketing, academic work as well as research and development, and that the proposed board also has a broad knowledge of the conditions characterizing the international markets where BillerudKorsnäs operates. The nomination committee considers the composition and the size of the proposed board appropriate for BillerudKorsnäs' future direction. The addition of Christian Saclier will bring operational experience gained over more than 20 years in leading global FMCG groups, where packaging is a core element of innovation and business success. Victoria Van Camp will bring valuable insights from the use of industrial IT/automation, a strong combination of R&D, innovation and operational development, as well as a Swedish perspective on the BillerudKorsnäs' operations.

In its work in preparing the proposal for the board, the nomination committee has applied Rule 4.1 of the Swedish corporate governance code as diversity policy. Accordingly, the nomination committee has in particular considered the need for diversity and breadth within the board with respect to competence, experience and background and strived for an equal gender balance.

The nomination committee considers that the composition of the proposed board reflects a wide range regarding the board members' backgrounds, and a mix of men and women with relevant experience and expertise to match the future positioning of the company. Three of the eight proposed board members are women, which exceeds the target set by the Swedish corporate governance board for 2017 (which is 35 per cent of the least represented gender). The nomination committee is of the view that diversity and gender balance are important issues, and that it is vital that also coming nomination committees continue to work actively with these questions.

The proposed board complies with relevant requirements for independence. Detailed information about the proposed members of the board of BillerudKorsnäs, including the nomination committee's assessment of each member's independence can be found further back in this document, and on the



company's website at [www.billerudkorsnas.se/en/About-Us/Corporate-Governance/](http://www.billerudkorsnas.se/en/About-Us/Corporate-Governance/) under the heading "General Meetings".

The nomination committee has discussed the level and structure of the board fees. At the 2016 annual general meeting, it was resolved to increase the remuneration to the board, as a step towards a market adjustment of the board fees. In order for BillerudKorsnäs' board remuneration to be in line with comparable Swedish listed companies, the nomination committee proposes an increase of the remuneration to the board this year as well.

The nomination committee has been presented with the audit committee's recommendation that KPMG should be re-elected as auditor, until the close of the next annual general meeting.

The nomination committee has also reviewed the current instruction for the nomination committee, which was resolved by the annual general meeting 2016, and has decided that no changes will be proposed.

In light of the above, the nomination committee proposes the following.

*The nomination committee's proposal of chairman of the meeting (item 2 on the agenda)*

The nomination committee proposes that Wilhelm Lüning is elected to be the chairman of the meeting. Wilhelm Lüning is a lawyer at Cederquist in Stockholm.

***The nomination committee's proposal for election of the Board (items 12, 14 (a)-(h) and 15 on the agenda)***

The nomination committee proposes the following.

- The board shall, until the end of the next annual general meeting, consist of eight members (item 12 on the agenda).
- Re-election of Andrea Gisle Joosen, Bengt Hammar, Mikael Hellberg, Lennart Holm, Michael M.F. Kaufmann and Kristina Schauman, and the election of Christian Saclier and Victoria Van Camp as new board members, until the end of the next annual general meeting, (item 14 (a)-(h) on the agenda).
- Re-election of Lennart Holm as chairman of the board and Michael M.F. Kaufmann as vice chairman of the board (item 15 on the agenda).

***The nomination committee's proposal on fees for board and committee work and fees for auditors (item 13 on the agenda)***

The nomination committee proposes, for the period until the close of the next annual general meeting, the following fees to the board members and members of the board committees (i.e. an increase of fees to board members but unchanged fees to members of the board committees, except for the chairman of the audit committee):

- SEK 1,240,000 to the chairman of the board (2016: SEK 1,200,000),
- SEK 825,000 to the vice chairman of the board (2016: SEK 800,000),
- SEK 490,000 to each of the other board members (2016: SEK 475,000),
- SEK 155,000 to the chairman of the board's audit committee (2016: SEK 150,000),
- SEK 75,000 to each of the other members of the board's audit committee (unchanged),
- SEK 50,000 to the chairman of the board's remuneration committee (unchanged),
- SEK 25,000 to each of the other members of the board's remuneration committee (unchanged), and
- SEK 50,000 to each member of the board's investment committee (unchanged).

The nomination committee proposes that the auditor's fee shall be paid in accordance with approved invoices.

***The nomination committee's proposal regarding election of auditor (item 16 on the agenda)***

In accordance with the recommendation of the audit committee, the nomination committee proposes that the company shall have one registered accounting firm as auditor, and that the registered accounting firm KPMG shall be elected as auditor until the close of the 2018 annual general meeting. KPMG has informed the nomination committee that the authorised public accountant Ingrid Hornberg Román will continue as auditor-in-charge, if KPMG is elected as auditor.

**The board's proposals, statements and reports**

***The board's proposal regarding dividend (item 10 (b) on the agenda) and motivated statement in accordance with Chapter 18 Section 4 and chapter 19 section 22 of the Swedish Companies Act.***

The board makes the following proposal regarding dividend, and motivated statement in accordance with Chapter 18 Section 4 of the Swedish Companies Act (regarding the dividend) and Chapter 19 Section 22 of the Swedish Companies Act (regarding repurchase of own shares, item 18 (b) on the agenda).

The non-restricted shareholders' equity in the parent company BillerudKorsnäs AB amounted to MSEK 5,606 on 31 December 2016. The board of BillerudKorsnäs proposes that the dividend for 2016 shall be SEK 4.30 per share, amounting to a total of approximately MSEK 890. The total dividend for 2016 based on the proposal of the board of BillerudKorsnäs corresponds to approximately 59 per cent of the group's net profit. The remaining amount is proposed to be carried forward in a new account. The reasons for this proposal are the following:

According to BillerudKorsnäs's financial targets, the dividend shall amount to 50 per cent of the net profit per share, and the interest bearing net debt in relation to EBITDA shall be lower than a ratio of 2.5. At the end of 2016 BillerudKorsnäs' net debt ratio was 1.08 which is lower than target. The board of BillerudKorsnäs proposes that of the year's profit of SEK 7.33 per share, a dividend of SEK 4.30 per share (i.e. 59 per cent of the net profit per share) shall be paid to the shareholders and that the remaining amount shall be carried forward in a new account. The estimated cost for repurchase of own shares under item 18 (b) amounts to approximately MSEK 44.8, if the entire proposed authorisation to repurchase 314,690 own shares is exercised and using the closing price for the BillerudKorsnäs share on 10 March 2017 (SEK 142.50).

The board of BillerudKorsnäs considers the proposed dividend justified taking into consideration;

- the requirements that the nature of the business (the company's and the group's), its scope and risks place on the size of the shareholders' equity, and
- the company's and the group's respective consolidation needs, liquidity and position in general.

The board proposes a dividend of SEK 4.30 per share and that the record date for the dividend shall be Friday 12 May 2017. If the meeting resolves in accordance with the board's proposal, the dividend is estimated to be paid out by Euroclear Sweden on Wednesday 17 May 2017.



## ***Information in preparation of the annual general meeting's resolution on guidelines for remuneration to senior executives and Long-term share based incentive program***

Under items 17 and 18 on the agenda, the board makes proposals regarding remuneration. Item 17 refers to the adoption of guidelines for remuneration to senior executives and item 18 refers to the proposed long term share based incentive program.

BillerudKorsnäs strives to attract, retain and develop the best talent by means of competitive remuneration. The group's short and long term incentive programs are closely linked to the company's strategic and financial targets and are designed to deliver sustainable value for shareholders and support the achievement of the company's strategy. Please refer to BillerudKorsnäs' annual report for 2016 or the company website [www.billerudkorsnas.se/en/About-Us/Corporate-Governance/](http://www.billerudkorsnas.se/en/About-Us/Corporate-Governance/) under the headings "Long term incentive programs" and "Remuneration" for a description of the current remuneration conditions, outstanding share based incentive programs and other remunerations in BillerudKorsnäs. In addition to the programs described, there are no other share or share-price related incentive programs in BillerudKorsnäs.

## ***Monitoring and evaluation of remuneration structures etc.***

The following is the board's report of the results of the remuneration committee's monitoring and evaluation of the current remuneration structure and levels of remuneration in the company in accordance with Rule 9.1 of the Swedish corporate governance code, and explanation in accordance with Chapter 8 Section 51 of the Swedish Companies Act. The remuneration committee also monitors and evaluates on-going, and during the year completed, programs concerning variable remuneration and the application of the guidelines approved at the annual general meeting concerning remuneration to the senior executives.

The short term cash based variable remuneration models run for one financial year at the time and are based on predetermined, measurable financial and individual goals considering competence, area of responsibility and historical performance. An evaluation of variable cash based remuneration is made at the end of each year. The variable cash based remuneration is paid only if the company's operating result is positive and shall be a maximum of a fixed percentage of the annual fixed salary and can according to the applicable guidelines vary between 30 per cent and 70 per cent.

As regards the short term cash based variable remuneration in 2016 for the CEO and other members of the senior management team, the remuneration committee has evaluated the performance criteria and target areas of 2016 in respect of the variable remuneration. The outcome of the variable cash based remuneration was 45.4 per cent of the annual base salary for the company's CEO and 26.95 per cent of the annual base salary on average for the senior management team.

Since 2010, BillerudKorsnäs has offered senior executives and other key individuals participation in long term share based incentive programs. These programs have been approved by the annual general meetings of shareholders. The programs have a vesting period of three years and are based on the condition of continued employment, an own investment in BillerudKorsnäs' shares and the fulfillment of certain pre-determined financial and share price related performance criteria. Provided these conditions are met, participants may at the end of the vesting period be allotted shares in BillerudKorsnäs free of charge, in proportion to their own initial investment in BillerudKorsnäs shares.

Performance under these programs is continuously monitored. The remuneration committee considers that the current structure of the long term share based incentive program fulfills most of the reasons for having a share based incentive for the employees. Therefore, the board proposes that



the annual general meeting of 2017 shall resolve on a program with a similar structure as existing programs but with a modification that a prerequisite for allotment of shares on half (50 per cent) of all share rights in each series, is that the total shareholders return (TSR) during the program's three year measurement period exceeds 0 per cent.

As regards the application of the guidelines for remuneration to senior executives, as adopted by the annual general meeting, are evaluated continuously. In order to carry out the evaluation regarding the application of the guidelines, the remuneration committee collects information from the CEO, from the HR director and from external consultants. Information from external consultants is gathered to ensure that remunerations in BillerudKorsnäs are in line with market conditions and are competitive.

The remuneration committee has found that the guidelines for remuneration to senior executives, as adopted by the annual general meeting have been appropriate and, with one exception, applied in accordance with their terms during 2016. The board may, in the event of special reasons, deviate from the guidelines and has on one occasion, in connection with the former HR director leaving her employment, decided to deviate from the guidelines. The company then made an agreement whereby the former HR director received a severance pay in a total of 18 months' salary (according to the guidelines, severance pay shall be set to a maximum of 12 months' salary). The company's auditor has given a statement to the annual general meeting that BillerudKorsnäs during 2016 has, with one exception, complied with the guidelines as resolved by the 2015 and 2016 annual general meetings. This statement is further back in this document.

The board assesses that the monitoring and evaluation that the remuneration committee has made, that the proposals that the board put to the 2017 annual general meeting under items 17 and 18, and that are in principle consistent with what was resolved by the annual general meeting 2016, are a well-balanced composition of fixed salary, variable remuneration, long term share based incentive programs and other benefits and pension.

***The board's proposal for adoption of guidelines for remuneration to senior executives (item 17 of the agenda)***

The board proposes that the meeting resolves upon the adoption of the following guidelines for remuneration to the senior executives in the group (the CEO, the Executive Vice President and the other members of the senior management team).

BillerudKorsnäs shall apply remuneration levels and employment terms that are in line with market practice in order to recruit and maintain a management team with a high level of competence and the capability of achieving established goals. The remuneration shall motivate executives to do their utmost to secure the shareholders' interests. The remuneration may be in the form of fixed salary, variable salary, long term incentive programs and other benefits such as a company car and pension. Fixed and variable salaries shall be set in relation to competence, area of responsibility and performance. The variable remuneration is based on outcomes in relation to established goals and shall be set to a maximum of a fixed percentage of the annual fixed salary and may vary between 30 per cent and 70 per cent. However, the variable remuneration shall only be paid on condition that the company's operating result is positive. Long term incentive programs in the company shall primarily be linked to certain pre-determined financial and share price related performance criteria. The programs shall ensure long term commitment to the development of the company and shall be implemented on market terms. Long term incentive programs shall run for at least three years. For



more information about the existing long term incentive programs, see the company's annual report and website.

Pension benefits shall both be defined-benefit or defined-contribution, and normally entitle to pension from the age of 65. In some cases the retirement age may be lower, although 62 is the lowest age of retirement. Six to 12 months is the normal notification period for termination of employment, and severance pay shall be set to a maximum of 12 months' salary in the event that the employment is terminated by the company.

Remuneration and employment terms for the CEO are prepared by the remuneration committee and resolved upon by the board. Remuneration and employment terms for members of the senior management team are resolved upon by the CEO, subject to the approval of the remuneration committee.

Board members, elected at general meetings of BillerudKorsnäs, may in certain cases receive a fee for services performed within their respective areas of expertise, outside such board duties. Compensation for these services shall be paid at market terms and be approved by the board.

The board of BillerudKorsnäs has the right to deviate from these guidelines in individual cases in the event of special reason granting such deviation.

***The board's proposal regarding a long term share based incentive program for 2017 (Item 18 (a) on the agenda)***

The board proposes that the meeting resolves to introduce a long term share based incentive program ("LTIP 2017") as follows.

In order for a resolution regarding LTIP 2017 to be valid the board's proposal in item 18 (a) must be supported by more than one-half of the votes cast.

**LTIP 2017 in brief**

The board's main objective with the proposal of LTIP 2017 is to strengthen BillerudKorsnäs' ability to attract, motivate and retain the best individuals for key leadership positions. The aim is further that executive officers as well as other key personnel and talents within the BillerudKorsnäs group shall be given an incentive to increased efforts by aligning their interests and perspectives with those of the shareholders.

LTIP 2017 comprises a maximum of 100 executive officers, other key personnel and talents within the BillerudKorsnäs group. A condition to participate in LTIP 2017 is that the participants must own BillerudKorsnäs shares. The shares could either be previously held (provided that they are not already allocated to the long term share based incentive programs adopted 2015 or 2016) or purchased on the market. Notification of participation in LTIP 2017 shall occur after the annual general meeting 2017. The participants will after a three year vesting period that ends in connection with the publication of BillerudKorsnäs' interim report for the period January – March 2020, be allotted BillerudKorsnäs shares, free of charge, provided that the program's conditions are fulfilled.



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## **Participants in LTIP 2017**

LTIP 2017 comprises up to 100 persons consisting of the CEO, the Executive Vice President and the other members of the senior management team, other key personnel and talents within the BillerudKorsnäs group.

## **Personal investment and allotment of share rights**

To participate in LTIP 2017, the participants must purchase BillerudKorsnäs shares at market price on Nasdaq Stockholm and allocate them to LTIP 2017 ("Saving Shares"). Previously held BillerudKorsnäs shares (which are not already allocated to the long term share based incentive programs 2015 or 2016) may be used as Saving Shares. Saving Shares shall be allocated to LTIP 2017 in connection with the notification to participate in the program. If the participant has inside information which prevents him/her from purchasing BillerudKorsnäs shares in connection with the notification to participate in LTIP 2017, the shares shall be purchased as soon as possible, but no later than before the next annual general meeting.

Participants in Category 1 (the CEO of BillerudKorsnäs), Category 2 (the Executive Vice President and the CFO of BillerudKorsnäs) and Category 3 (27 executive officers and other key persons in BillerudKorsnäs) are offered to allocate Saving Shares to the LTIP 2017, not exceeding a number equal to 10 per cent of the participant's gross base salary as per year end 2016 divided by the closing price of the BillerudKorsnäs share per the last trading day of 2016 (SEK 153). Participants in Category 4 (70 key personnel and talents in BillerudKorsnäs) are offered to allocate no more than 500 Saving Shares to LTIP 2017. New personnel that have not yet commenced their employment at the time when notification to participate in the program at the latest shall be given, may, upon the condition that the employment commences during 2017, be offered to participate in LTIP 2017, if the board or the remuneration committee deems it to be in line with the purpose of the program.

## **Terms and conditions for the share rights**

The following terms and conditions apply for both the matching share rights and the performance share rights:

- The share rights are allotted, free of charge, after the annual general meeting 2017.
- The participants are not entitled to transfer, pledge or dispose the share rights or perform any shareholder's rights regarding the share rights.
- Allotment, free of charge, of BillerudKorsnäs shares, on the basis of the share rights, will take place after the release of the interim report for the period January – March 2020. Allotment of BillerudKorsnäs shares requires, with certain exceptions, that the participant is still employed by the BillerudKorsnäs group and has retained the Saving Shares at the release of the interim report.
- BillerudKorsnäs will make no compensations to the participants of LTIP 2017 due to dividend regarding the shares that the respective share right entitles to.
- The maximum profit per participant is limited to SEK 550 per share right, equal to a maximum of approximately 26 monthly salaries for Category 1, approximately 22 monthly salaries in average for Category 2, approximately 17 monthly salaries in average for Category 3 and approximately 22 monthly salaries in average for Category 4. In the event that the profit, when calculating the allotment according to LTIP 2017, should exceed the limit

of SEK 550 per share right, adjustment shall be made by consequently decreasing the number of BillerudKorsnäs shares that the participant is entitled to receive.

### **Matching share rights**

For each Saving Share that the participant invests in and allocates to LTIP 2017, the participant is, free of charge, allotted 1 matching share right, which entitles the participant to, free of charge, receive 1 BillerudKorsnäs share.

For one-half (50 per cent) of the matching share rights allotted to the participant, a condition for allotment of BillerudKorsnäs shares is that the total shareholder return (TSR) on the BillerudKorsnäs share exceeds zero (0) per cent during the financial years 2017-2019.

### **Performance share rights**

For each Saving Share that the participant invests in and allocates to LTIP 2017, the participant is, free of charge, allotted 3 performance share rights. However, the CEO (Category 1) will be allotted 5 performance share rights for each Saving Share allocated to LTIP 2017 and the Executive Vice President and the CFO (Category 2) will be allotted 4 performance share rights for each Saving Share allocated to LTIP 2017.

The performance share rights are divided into two series, series A and B. For all participants, except the CEO (Category 1) and the Executive Vice President and the CFO (Category 2), each Saving Share entitles to 1 performance share right of series A and 2 performance share rights of series B. For the CEO (Category 1) each Saving Share entitles to 2 performance share rights of series A and 3 performance share rights of series B. For the Executive Vice President and the CFO (Category 2) each Saving Share entitles to 1.5 performance share rights of series A and 2.5 performance share rights of series B.

In order for the performance share rights to entitle to allotment of BillerudKorsnäs' shares certain performance conditions must be achieved. The performance conditions are different for series A and series B, respectively, but both are based on financial goals during the financial years 2017-2019 (the "Measurement Period"). The board intends to present whether the conditions have been fulfilled in the annual report of 2019.

*Series A* The performance condition for the performance share rights of series A relate to BillerudKorsnäs' *annual organic growth* for the Measurement Period (i.e. annual growth during the Measurement Period adjusted for additions and deductions in amounts corresponding to the sales revenues of acquired or divested businesses). The maximum level of allotment pursuant to this performance condition is an organic growth of 4 per cent per year and the minimum level of an organic growth exceeding 2 per cent per year. If the organic growth amounts to the maximum level of 4 per cent per year or more, maximum allotment of 1 BillerudKorsnäs share per performance share right of series A shall be made. If the organic growth should be lower than 4 per cent per year, but exceeding the minimum level of 2 per cent per year, the allotment will be made on a linear basis on intermediate values. If the organic growth amounts to 2 per cent per year or less, the performance share rights of series A shall not entitle to allotment of BillerudKorsnäs shares.

*Series B* The performance condition for the performance share rights of series B relate to BillerudKorsnäs' *average adjusted EBITDA margin* for the Measurement Period. The maximum level of allotment under the performance condition is an adjusted EBITDA margin of 18 per cent and the minimum level of allotment is an adjusted EBITDA margin exceeding 15 per cent. If the adjusted EBITDA margin amounts to the maximum level of 18 per cent or more, maximum allotment of 1 BillerudKorsnäs share per performance share rights of Series B shall be made. If



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the adjusted EBITDA margin should be lower than 18 per cent, but exceeding the minimum level of 15 per cent, the allotment will be made on a linear basis on intermediate values. If the adjusted EBITDA margin amounts to 15 per cent or less, the performance share rights of Series B shall not entitle to allotment of BillerudKorsnäs shares.

For one-half (50 per cent) of the performance share rights of series A respectively B allotted to the participant, a further condition for allotment of BillerudKorsnäs shares, apart from that the performance condition for the share right is fulfilled, is that the total shareholder return (TSR) on the BillerudKorsnäs share exceeds zero (0) per cent during the financial years 2017-2019.

## **Detailed terms and administration**

The board, or the remuneration committee, shall be responsible for determining the detailed terms and administration of LTIP 2017 to be applicable between BillerudKorsnäs and the participant, however within the framework of the scope and guidance given in this resolution. The board or the remuneration committee shall be authorised to make adjustments to fulfill certain rules or market conditions in other jurisdictions. If delivery of shares cannot be accomplished at reasonable costs and with reasonable administrative efforts to persons outside Sweden, the board or the remuneration committee shall be entitled to decide that the participating person may instead be offered a cash based settlement. The board may also make other adjustments, including e.g. a right to resolve on a reduced allotment of shares, if material changes would occur within the BillerudKorsnäs group or on the market that, according to the board's assessment, would lead to that the resolved terms and conditions for allotment of shares under LTIP 2017 no longer fulfills the main objectives.

## **Scope**

In total, LTIP 2017 comprises a maximum of 74,267 Saving Shares, which can lead to allotment of in total a maximum of 314,690 BillerudKorsnäs shares (a maximum of 74,267 due to matching share rights and a maximum of 240,423 due to the performance share rights), which correspond to approximately 0.15 per cent of the number of outstanding shares and votes in BillerudKorsnäs.

The number of shares included in LTIP 2017 which can be transferred to the participants shall be subject to recalculation due to bonus issues, consolidation or share split, new issue of shares or similar measures in BillerudKorsnäs, according to accepted practice for similar incentive programs.

In total, LTIP 2017 comprises a maximum of 314,690 BillerudKorsnäs shares. On 10 March 2017, the previously adopted long term incentive programs, LTIP 2014, LTIP 2015 and LTIP 2016, comprised a maximum of 770,715 BillerudKorsnäs shares. LTIP 2017 together with LTIP 2014, LTIP 2015 and LTIP 2016 would entail a dilution of shares of approximately 0.5 per cent of the number of outstanding shares and votes in BillerudKorsnäs.

## **Delivery of shares to the participants in LTIP 2017**

The board has considered two alternative hedging methods for delivering BillerudKorsnäs shares to the participants, subject to the terms and conditions of LTIP 2017; either that BillerudKorsnäs (i) transfers shares held by the company itself to participants, free of charge, according to the board's proposal in item 18 (c) or (ii) enters into an agreement with a bank that will be able to, in its own name, acquire and transfer BillerudKorsnäs shares. The board considers the first alternative as its preferred option. However, should the annual general meeting not approve the proposed transfer of



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own shares in accordance with the proposal in item 18 (c), the board may enter into a hedging arrangement with a third party to hedge the obligations of BillerudKorsnäs to deliver shares under LTIP 2017 as set out above.

To ensure that BillerudKorsnäs has its own shares which may be transferred to the participants according to item 18 (c), the board proposes that the annual general meeting authorise the board to resolve on repurchase of own shares in accordance with item 18 (b).

## **Estimated costs and the value of LTIP 2017**

The board has estimated the average value of each share right to SEK 95.80. The estimation is based on generally accepted valuation models using the closing price for the BillerudKorsnäs share on 10 March 2017 (SEK 142.50), statistics on the BillerudKorsnäs' share price development as well as projected dividends. The aggregate estimated value of the 74,267 matching share rights and 240,423 performance share rights, based on approximately 50 per cent fulfilment of the performance conditions and estimations on turnover of personnel about 5 per cent each year, is approximately MSEK 16.0. The value is equivalent to approximately 0.05 per cent of the market capitalisation for BillerudKorsnäs as of 10 March 2017. The costs are treated as a staff cost in the profit and loss accounts and it is expensed over 36 months in accordance with IFRS 2, Share based payments.

In the profit and loss accounts, social security costs will accrue in accordance with UFR 7 during the vesting period. The size of these costs will be calculated on the BillerudKorsnäs share price development during the vesting period and allotment of the shares. Based on a theoretical assumption of a yearly increase of 10 per cent of the share price and a vesting period of three years, the cost for LTIP 2017 including social security costs is approximately MSEK 24.6, which on a yearly basis equals approximately 0.2 per cent of BillerudKorsnäs' total staff costs for the financial year 2016. The maximum cost for LTIP 2017, based on these assumptions, is estimated to be approximately MSEK 82.1, whereof MSEK 51.9 in social security costs.

## **Effects on key ratios**

In the event of full participation in LTIP 2017, BillerudKorsnäs' staff cost is expected to increase annually with approximately MSEK 8.2. On a proforma basis for 2017, this cost equals a marginal negative effect on BillerudKorsnäs' operating margin and earnings per share.

However, the board considers that the positive effects on the result, which are expected to arise from the increase of the shareholding by executive officers and key employees and which, in addition, may be further increased by the shareholding in LTIP 2017, exceed the costs.

## **The preparation of the proposal**

LTIP 2017, which is based on the previous year's long term incentive programs, has been initiated and prepared by BillerudKorsnäs' remuneration committee and board together with external advisors.

## ***The board's proposal for resolution on authorisation for the board to resolve on Repurchase of own shares (item 18 (b) on the agenda)***

The board gives the following proposal regarding authorisation for the board to resolve on repurchase of own shares. A motivated statement in accordance with Chapter 19 Section 22 in the



Swedish Companies Act, is attached under item 10 (b) of the agenda. Following what is stated under item 10 (b), the board considers that the proposed authorisation for the board to repurchase the company's own shares, is justified in relation to:

- the requirements that the nature of the business (the company's and the group's), its scope and risks place on the size of the shareholders' equity, and
- the company's and the group's respective consolidation requirements, liquidity and position in general.

The board proposes that the annual general meeting resolves upon an authorisation for the board to resolve on repurchase of own shares in order to secure delivery of shares to the participants in LTIP 2017 and the company's other long term share based incentive programs in accordance with the following conditions:

- Repurchase of shares shall take place at Nasdaq Stockholm.
- Repurchase of shares may take place on one or more occasions during the time until the next annual general meeting.
- A maximum of 314,690 shares may be repurchased.
- Repurchase of shares at Nasdaq Stockholm may take place at a price per share which is within the, at each time registered price interval, which is the interval between the highest buying price and the lowest selling price.
- Payment for the shares shall be made in cash.

In order for a resolution regarding authorisation for the board to resolve on repurchase of own shares to the participants in LTIP 2017 in accordance with item 18 (b) to be valid, the board's proposal must be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the meeting.

***The board's proposal for resolution on transfer of own shares held in treasury (item 18 (C) on the agenda)***

The board proposes that the annual general meeting resolves upon a transfer of a maximum of 314,690 BillerudKorsnäs shares held in treasury to the participants in LTIP 2017 (or the higher number of shares that may result from a recalculation under the terms of the LTIP 2017). Transfer of shares to the participants shall be made free of charge in accordance with the terms of LTIP 2017. The reasons for deviating from the shareholders' preferential right are the same as the reasons motivating adoption of LTIP 2017.

In order for a resolution regarding transfer of own shares to the participants in LTIP 2017 in accordance with item 18 (c) to be valid the board's proposal must be supported by shareholders representing at least nine-tenths of both the votes cast and the shares represented at the meeting.



## Shareholders' proposals

### ***Proposals from shareholder (item 19 (a)-(o) on the agenda)***

Shareholder Thorwald Arvidsson proposes that the meeting resolve upon the following items:

- (a) to adopt a zero tolerance vision regarding workplace accidents in the company;
- (b) to assign to the board of the company to establish a working group to achieve this zero tolerance vision;
- (c) to annually submit a report in writing on the result to the annual general meeting, e.g. by including the report in the printed version of the annual report;
- (d) to adopt a vision on absolute equality between men and women on all levels within the company;
- (e) to assign to the board of the company to establish a working group with the task to achieve this vision long term as well as closely monitoring the development in the areas of equality with regards to gender and ethnicity;
- (f) to annually submit a report in writing to the annual general meeting, e.g. by including the report in the printed version of the annual report;
- (g) to assign to the board to take necessary actions to establish a shareholders' association amongst the shareholders in the company;
- (h) not let board members invoice their board remuneration through a legal person, Swedish or foreign;
- (i) that the nomination committee when performing its assignment shall particularly pay attention to questions related to ethics, gender and ethnicity;
- (j) with respect to item (h) above, assign to the board to turn to the Swedish government and/or the Swedish Tax Authority and draw their attention to the need of amended legislation in this area;
- (k) to assign to the board to turn to the Swedish government, and draw the government's attention to the need of amended legislation so that the possibility to have differentiated voting powers in Swedish companies is abolished;
- (l) to amend the articles of association (§6) by adding the following two paragraphs, the second and third paragraph: Present ministers of state may not be appointed as a members of the board within two (2) years after their resignation as ministers of state. Other politicians, with full time remuneration, may not be appointed as a members of the board within one (1) year after their resignation from their assignment, unless exceptional reasons dictate otherwise;
- (m) to assign to the board to turn to the Swedish government to draw the governments attention to the need of a comprehensive national regulation for and the introduction of cooling-off periods for politicians;
- (n) to assign to the board to prepare a proposal for representation in the board as well as in the nomination committee for the small and medium sized shareholders; and
- (o) to assign to the board to turn to the Swedish government and draw the government's attention to the need of reformed legislation in this area.

In order for a resolution regarding amendment of the articles of association in accordance with 19 (l) to be valid the board's proposal must be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the meeting.

### **För mer information, vänligen kontakta:**

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