



# BillerudKorsnäs

## annual general meeting 2022

### Notice and documentation to the meeting

The shareholders of BillerudKorsnäs Aktiebolag are hereby invited to the annual general meeting, to be held on **Tuesday 10 May 2022 at 15.00 at Norra Latin** – Stockholm City Conference Center, the auditorium, at Norra Bantorget (arriving with car the address is Barnhusgatan 7A, and arriving by foot the address is Drottninggatan 71) in Stockholm, Sweden. Registration starts at 14.30.

The board has resolved, in accordance with § 10 in BillerudKorsnäs' articles of association, that shareholders may perform their voting rights at the annual general meeting also through postal voting.

Notice of attendance to the meeting shall be given no later than by **Wednesday 4 May 2022** by submitting notice to attend or a postal vote, see page 3 in this document for further information regarding notice to attend and postal voting.

Material from the meeting, such as CEO Christoph Michalski's presentation and for the meeting available presentation material will be published at the company's website, [www.billerudkorsnas.com/about-us/corporate-governance/general-meetings/agm-2022](http://www.billerudkorsnas.com/about-us/corporate-governance/general-meetings/agm-2022) the day after the meeting.

#### **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.

#### **Authorisation for the board to resolve on a rights issue**

- The meeting shall resolve whether or not to approve the board's proposal to authorise the board to resolve on a new share issue with preferential right for the shareholders amounting to maximum SEK 3.5 billion in order to repay a part of the debt which was raised in conjunction with the acquisition of Verso Corporation.

#### **Name change to Billerud Aktiebolag (publ)**

- The meeting shall resolve on the board's proposal to change the company's name to Billerud Aktiebolag (publ) by an amendment of the articles of association.

#### **Annual report, dividend and discharge of liability**

- The meeting shall adopt the annual report for 2021. The annual report is available on the company's website [www.billerudkorsnas.com/investors/financial-reports](http://www.billerudkorsnas.com/investors/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. The dividend is estimated to be paid out to the shareholders on **Tuesday 17 May 2022**.
- The meeting shall resolve whether or not to discharge the board and CEO of liability for 2021.



**Election of board and auditor, as well as remuneration to the board and auditor**

- The meeting shall elect the company's board. Current board members Andrea Gisle Joosen, Bengt Hammar, Victoria van Camp, Jan Svensson (chairman) and Jan Åström are proposed for re-election. In addition, Florian Heiserer and Magnus Nicolin are proposed as new members of the board.
- The meeting shall resolve on remuneration to the board and auditor. The nomination committee proposes increased fees for the board work, 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. Hök Olov Forsberg will be appointed by KPMG as the new auditor-in-charge.

**Remuneration guidelines, remuneration report and performance based long-term share program for 2022**

- The meeting shall resolve on approval of the remuneration report for 2021.
- The meeting shall resolve on the updates in the guidelines for remuneration to senior executives due to the acquisition of Verso Corporation to be effective from the annual general meeting 2022 and forward.
- The meeting shall resolve on the board's proposal to introduce a performance based long-term share program for 2022 for the CEO, other members of the Executive Management Team (EMT members) and other key employees within BillerudKorsnäs. The proposed program has the same structure as the share-based incentive program for 2021 and is described in detail below.

Solna in April 2022

*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 **Wednesday 4 May 2022** and be recorded in the share register (maintained by Euroclear Sweden) on **Monday 2 May 2022** (the so called “Record Date”). Notice may be submitted:

- by mail to BillerudKorsnäs AB (publ), “Annual General Meeting”, c/o Euroclear Sweden AB, P.O box 191, 101 23 Stockholm, Sweden; or
- by telephone to +46 8402 90 62; or
- on [www.billerudkorsnas.com/register/](http://www.billerudkorsnas.com/register/).

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). Shareholders participating by proxy shall send proxy form, registration certificate or other incorporation documentation to the company to the address BillerudKorsnäs AB (publ), “Annual General Meeting”, c/o Euroclear Sweden AB, P.O box 191, 101 23 Stockholm. A proxy form is available at the company's website [www.billerudkorsnas.com/about-us/corporate-governance/general-meetings/agm-2022](http://www.billerudkorsnas.com/about-us/corporate-governance/general-meetings/agm-2022). If the shareholder is a legal person a registration certificate or other authorisation documentation shall be attached to the form.

Shareholders who wish to use the possibility of postal voting in advance shall do this in accordance with the instructions under the headline “Postal voting” below.

### NOMINEE-REGISTERED SHARES (VOTING RIGHTS REGISTRATION)

Shareholders whose shares are nominee-registered must temporarily re-register the shares in their own name so that the shareholder is recorded in the share register as per **Monday 2 May 2022**. Such registration may be temporary (so-called voting rights registration), and is requested at the nominee, in accordance with the nominee's routines, at such time in advance as decided by the nominee. Voting rights registrations that have been made by the nominee no later than **Wednesday 4 May 2022** will be taken into account when preparing the general meeting share register.

### POSTAL VOTING

A dedicated form shall be used for the postal vote. The form is available at BillerudKorsnäs' website, [www.billerudkorsnas.com/about-us/corporate-governance/general-meetings/agm-2022](http://www.billerudkorsnas.com/about-us/corporate-governance/general-meetings/agm-2022). Additional instructions and conditions can be found in the postal voting form.

The completed and signed form must be received by Euroclear Sweden (administering the forms on behalf of BillerudKorsnäs) no later than **Wednesday 4 May 2022**. The completed form shall be sent electronically either by signature with BankID in accordance with instructions on [anmalan.vpc.se/euroclearproxy](http://anmalan.vpc.se/euroclearproxy) or by sending the completed and signed form by e-mail to [generalmeetingservice@euroclear.com](mailto:generalmeetingservice@euroclear.com). The completed and signed form may also be sent by mail to BillerudKorsnäs Aktieföretag, "Annual General Meeting", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden.

If the shareholder submits its postal vote by proxy, a proxy and authorisation documentation must be attached to the form.



## **PROCESSING OF PERSONAL DATA**

For information on how your personal data is processed, please visit [www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf](http://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf).

## **DOCUMENTATION**

All documentation that serve as a basis for the resolutions at the annual general meeting, except for the 2021 annual report is included in this notice document.

The annual report is available on the company's website, [www.billerudkorsnas.com/investors/financial-reports](http://www.billerudkorsnas.com/investors/financial-reports) and [www.billerudkorsnas.com/about-us/corporate-governance/general-meetings/agm-2022](http://www.billerudkorsnas.com/about-us/corporate-governance/general-meetings/agm-2022), respectively. The notice document and annual report are also available at the company's office on Evenemangsgatan 17 in Solna, Sweden. Shareholders who wish to have the notice and the documentation sent to them may contact the company by telephone +46 8-402 90 62 and state their postal or e-mail 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 1,349,047 of its own shares, which may not be represented at the meeting.

## **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. The information duty also applies 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. In the event of any discrepancies between this translation and the original Swedish notice, the original Swedish version shall prevail. For the convenience of non-Swedish speaking shareholders, an English translation of the minutes from the annual general meeting will be made available on BillerudKorsnäs' website, [www.billerudkorsnas.com/about-us/corporate-governance/general-meetings/agm-2022](http://www.billerudkorsnas.com/about-us/corporate-governance/general-meetings/agm-2022) no later than one week after the meeting.

# Proposed agenda for the annual general meeting 2022

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 2021 financial year.
8. 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 2021,
  - (b) the disposition of the company's profits based on the adopted balance sheet for 2021 and the record date for the dividend, and
  - (c) discharge of personal liability for board members and the CEO for their administration for the year 2021.
9. Presentation of the remuneration report for approval.
10. Resolution on number of board members to be elected by the meeting.
11. Resolution on remuneration for board members and committee work and on fees for auditors.
12. 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) Jan Svensson (re-election, proposed by the nomination committee),
  - (d) Victoria van Camp (re-election, proposed by the nomination committee),
  - (e) Jan Åström (re-election, proposed by the nomination committee),
  - (f) Florian Heiserer (new election, proposed by the nomination committee), and
  - (g) Magnus Nicolin (new election, proposed by the nomination committee).
13. Election of chairman of the board.
14. Election of auditor.
15. The board's proposal regarding remuneration guidelines to senior executives.
16. The board's proposal regarding a performance based long-term share program for 2022, including resolutions to
  - (a) implement a performance based long-term share program for 2022, and
  - (b) transfer own shares to the participants.
17. The board's proposal regarding amendment of the articles of association.
18. The board's proposal on authorisation for the board of directors to resolve to issue new shares with preferential right for the shareholders.
19. Closing of the meeting.

# Complete proposals

## The nomination committee's proposals and motivated statement

### COMPOSITION OF THE NOMINATION COMMITTEE 2021/22

The nomination committee in BillerudKorsnäs consists of members appointed by the company's four largest shareholders, who jointly represents almost 40 percent of the votes in the company. The nomination committee 2021/2022 comprises of:

- Tomas Flodén, appointed by AMF Insurance and Funds,
- Michael M.F. Kaufmann, appointed by FRAPAG Beteiligungsholding AG,
- Lennart Francke, appointed by Swedbank Robur Funds, and
- Thomas Wuolikainen, appointed by Fourth Swedish National Pension Fund (Sw. *Fjärde AP-fonden*).

Michael M.F Kaufmann is the chairman of the nomination committee.

The instruction for the nomination committee is available at the company's website [www.billerudkorsnas.se/en/About-Us/Corporate-Governance/](http://www.billerudkorsnas.se/en/About-Us/Corporate-Governance/).

### 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 2021 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 digital meetings and contacts by phone and e-mail.

As the basis for its work and decisions, members of the nomination committee who are not members of the board, have conducted individual interviews with board members. The nomination committee has also received a report on the outcome of the evaluation of the board's work. The nomination committee has through this been able to conclude 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 enough time and commitment.

The nomination committee has sought to strengthen the board with additional industrial experience in an international context and knowledge within, among other things, strategic development and business transformations in complex global organisations, as well as to find candidates with a solid track record from previous senior executive roles and relevant shareholder representation at board level. In this work, the nomination committee has identified and been able to attract two persons that bring complementary experience and areas of expertise to the current board - Florian Heiserer and Magnus Nicolin.

Magnus Nicolin has broad and long-lasting global industrial experience. In his various CEO positions during many years in North America, Asia and Europe, he has driven extensive transformations in integrated global organisations, with a focus on both organic and acquisition-driven growth.

Florian Heiserer is CFO at FRAPAG Beteiligungsholding AG.

Michael M.F. Kaufmann, Kristina Schauman and Tobias Auchli have decided not to stand for re-election to the board of BillerudKorsnäs at the annual general meeting 2022. With the election of Magnus Nicolin and Florian Heiserer the board will consist of seven members representing a balanced shareholder representation at board level, with a set of skills and experience to support BillerudKorsnäs' management to deliver shareholder value.

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. The nomination committee has also considered the board's ability to secure that BillerudKorsnäs will continue to run its business in a sustainable way. The nomination committee considers that the composition of the proposed board is appropriate in that the members experience and knowledge reflects BillerudKorsnäs' priorities. Nonetheless, the nomination committee will continue to strive for a more equal gender balance at board level.

The proposed board complies with The Swedish Corporate Governance Code 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, [www.billerudkorsnas.com/about-us/corporate-governance/board-of-directors](http://www.billerudkorsnas.com/about-us/corporate-governance/board-of-directors).

The nomination committee has discussed the level and structure of the board fees. The nomination committee proposes that the 2022 annual general meeting resolves on an increase of the remuneration for the work on the board in order to maintain board fees on market level.

The nomination committee has been presented with the audit committee's recommendation that the nomination committee shall propose 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 Lünig is elected to be the chairman of the annual general meeting.

### **THE NOMINATION COMMITTEE'S PROPOSAL FOR ELECTION OF THE BOARD (ITEMS 10, 12(A)-(G) AND 13 ON THE AGENDA)**

The nomination committee proposes the following:

- The board shall, until the end of the next annual general meeting, consist of seven members (item 10 on the agenda).
- Re-election of Andrea Gisle Joosen, Bengt Hammar, Jan Svensson, Victoria van Camp and Jan Åström and new election of Florian Heiserer and Magnus Nicolin as board members, until the end of the next annual general meeting, (item 12(a)-(g) on the agenda).
- Election of Jan Svensson as chairman of the board (item 13 on the agenda).



### **THE NOMINATION COMMITTEE'S PROPOSAL ON FEES FOR BOARD AND COMMITTEE WORK AND FEES FOR AUDITORS (ITEM 11 ON THE AGENDA)**

The nomination committee proposes, for the period until the close of the next annual general meeting, increased fees to board work and unchanged fees for the work in the committees of the board, as follows:

- SEK 1,650,000 to the chairman of the board (2021: SEK 1,500,000),
- SEK 560,000 to each of the other board members (2021: SEK 540,000),
- SEK 200,000 to the chairman of the board's audit committee (unchanged),
- SEK 100,000 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), and
- SEK 25,000 to each of the other members of the board's remuneration 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 14 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 re-elected as auditor until the close of the 2023 annual general meeting. KPMG has informed the nomination committee that the authorised public accountant Hök Olov Forsberg will be the new auditor-in-charge if KPMG is elected as auditor.



## The board's proposals and statement

### **DRAWING UP AND APPROVAL OF THE VOTING LIST (ITEM 3 ON THE AGENDA)**

The voting list prepared by Euroclear Sweden on the basis of the general meeting share register, participating shareholders and proxies as well as postal votes received, is proposed as the voting list.

### **THE BOARD'S PROPOSAL REGARDING ELECTION OF ONE OR TWO PERSONS TO VERIFY THE MINUTES (ITEM 4 ON THE AGENDA)**

The board proposes that the minutes shall be verified, in addition to the chairman, by Patrik Marcellius, representative for FRAPAG Beteiligungsholding AG, and Tomas Risbecker representative for AMF Insurance and Funds.

### **THE BOARD'S PROPOSAL REGARDING DIVIDEND (ITEM 8(B) ON THE AGENDA) AS WELL AS MOTIVATED STATEMENT IN ACCORDANCE WITH CHAPTER 18 SECTION 4 OF THE SWEDISH COMPANIES ACT**

The board proposes a dividend of SEK 4.30 per share. The record date for the payment shall be Thursday 12 May 2022. The last trading day in the BillerudKorsnäs share including the right to receive payment of dividend will be Tuesday 10 May 2022, and the first trading day in the BillerudKorsnäs share not including a right to receive payment of dividend will be Wednesday 11 May 2022.

If the annual general meeting resolves in accordance with the proposal, the dividend is estimated to be paid out to the shareholders on Tuesday 17 May 2022.

### **MOTIVATED STATEMENT IN ACCORDANCE WITH CHAPTER 18 SECTION 4 OF THE SWEDISH COMPANIES ACT**

The board's reasons for the proposed dividend being in accordance with the provisions of Chapter 18, Section 4 of the Swedish Companies Act are as follows:

BillerudKorsnäs' non-restricted equity (in the parent company) amounted to MSEK 5,622 as of 31 December 2021.

According to BillerudKorsnäs' financial targets, the dividend shall amount to at least 50 percent 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 2021 BillerudKorsnäs' interest bearing net debt in relation to EBITDA was 1.0 which achieves the target. The board of BillerudKorsnäs proposes that a dividend of SEK 4.30 per share shall be paid to the shareholders, amounting to a total dividend of approximately MSEK 890 (calculated excluding the company's holding of own shares). The year's profit was SEK 7.18 per share, and thus the proposed dividend corresponds to approximately 60 percent of the net profit per share.

The proposed dividend does not endanger the continuation of planned investments, and BillerudKorsnäs' financial position is such that BillerudKorsnäs can continue its business and is expected to fulfil all of its obligations on both a short and long-term basis.

The board of BillerudKorsnäs is of the opinion that the proposed dividend is 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'S REMUNERATION REPORT (ITEM 9 ON THE AGENDA), PROPOSAL FOR GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES (ITEM 15 ON THE AGENDA) AND PROPOSAL REGARDING A PERFORMANCE BASED LONG-TERM SHARE PROGRAM FOR 2022 (ITEM 16 ON THE AGENDA)**

Under item 9 on the agenda, the annual general meeting will resolve on the remuneration report which the board has prepared for 2021. Under item 15 on the agenda, the board presents a proposal for guidelines for remuneration to senior executives. Under item 16 on the agenda, the board presents a proposal for a new performance based long-term share program for 2022.

### **APPROVAL OF REMUNERATION REPORT (ITEM 9 ON THE AGENDA)**

The board submits the following report regarding remuneration to the CEO and the board for the financial year 2021 for approval in advisory purpose.

#### **Introduction**

This report describes how the guidelines for remuneration to senior executives in BillerudKorsnäs (the "**remuneration guidelines**"), adopted by the annual general meeting 2021, were implemented in 2021. The report also provides information on the remuneration to BillerudKorsnäs' CEO and board members (in addition to customary board remuneration resolved by the annual general meeting), and a summary description of BillerudKorsnäs' outstanding share-based incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive management and on Incentive Programmes issued by the Swedish Corporate Governance Board.

#### **Key developments 2021**

The CEO summarizes the company's overall performance in his statement on page 6 – 7 in the Annual and Sustainability Report 2021.

#### **Overview of the application of the remuneration guidelines in 2021**

BillerudKorsnäs is challenging conventional packaging for a sustainable future, and this mission describes the purpose of BillerudKorsnäs' business operations. Profitable growth is essential when challenging less sustainable packaging materials and solutions over time. In order to deliver profitable growth, a goal-oriented and intensive work is being undertaken. BillerudKorsnäs' employees have a customer focus and are driving the change that is needed to realise the strategy and achieve our ultimate purpose – a sustainable future.

Under BillerudKorsnäs' remuneration guidelines, the remuneration shall consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of BillerudKorsnäs have resolved to implement share-based incentive programs, as well as remuneration to the board of directors. The remuneration guidelines are found on page 103 – 104 in the Annual and Sustainability Report and on BillerudKorsnäs' website, [www.billerudkorsnas.com](http://www.billerudkorsnas.com).

The application of the remuneration guidelines as well as the current structures and levels of remuneration, to what extent invited employees participate, and the uptake and expected outcome of the company's programs for short- and long-term variable remuneration are continuously monitored and evaluated by the remuneration committee and reported and discussed at board meetings. It is the conclusion of both the remuneration committee and the auditor that BillerudKorsnäs has complied with the remuneration guidelines during 2021, i.e. no deviations from the remuneration guidelines have been decided and no derogations from the procedure for implementation of the



remuneration guidelines have been made. The auditor's report regarding the company's compliance with the remuneration guidelines is available on BillerudKorsnäs' website, [www.billerudkorsnas.com](http://www.billerudkorsnas.com).

Based on the conclusions from the evaluation of the programs for variable remuneration and the application of the guidelines for remuneration, the board has decided to propose that the remuneration guidelines to the management shall remain unchanged. Due to BillerudKorsnäs' acquisition of Verso Corporation, a leading producer of coated paper in North America, additions will however be proposed to reflect the current market standards and remuneration structures and levels for remuneration in the U.S. which will apply to members of the management who are employed in the U.S. The proposed new guidelines for remuneration are found on page 56 – 57 in the Annual and Sustainability Report and under item 15 in the notice to the annual general meeting (both the Annual and Sustainability Report and the notice can be found on BillerudKorsnäs' website, [www.billerudkorsnas.com](http://www.billerudkorsnas.com)).

**Remuneration to the CEO and board members (in addition to board remuneration resolved by the annual general meeting 2021)<sup>1</sup>**

Name of Director, position (start/end)	Financial year	1 Fixed remuneration		2	3	4 Fixed remuneration	5	6
		Base salary <sup>2</sup>	Other benefits <sup>3</sup>	Variable remuneration - One-year variable	Extra-ordinary items	Pension expense	Total remuneration	Proportion fixed of total remuneration/proportion variable of remuneration
Christoph Michalski, CEO	2021	9,097,580	104,253	5,63,875	-	3,202,500	18,038,208	69% fixed, 31% variable
Andrea Gisle Joosen, Board Member	2021	57,496 <sup>4</sup>	-	-	-	-	57,496 <sup>5</sup>	100% fixed

**Application of the performance criteria**

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability goals, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. BillerudKorsnäs' remuneration guidelines enable the company to offer the CEO a competitive total remuneration. By establishing that variable compensation shall be linked to predetermined and measurable financial and non-financial criteria, the variable cash remuneration, together with BillerudKorsnäs' share-based incentive programs, promote BillerudKorsnäs' business strategy, long-term interests and sustainability performance.

The performance criteria and targets for variable cash compensation to the CEO for 2021 included a set of predetermined and measurable corporate performance measures linked to BillerudKorsnäs' strategy (EBITDA, net sales, and certain sustainability targets), and was set by the board in December 2020.

<sup>1</sup> The table reports remuneration costs in 2021.

<sup>2</sup> This element includes cost of paid holiday days, holiday supplement, allowances for expenses and lunch coupons in addition to fixed salary.

<sup>3</sup> This element includes car allowance, fuel allowance, health care allowance and other benefits.

<sup>4</sup> Board Member Andrea Gisle Joosen received remuneration for work performed in BillerudKorsnäs Venture AB in addition to her customary work on the board.

<sup>5</sup> Board Member Andrea Gisle Joosen received remuneration for work performed in BillerudKorsnäs Venture AB in addition to her customary work on the board.



Description of criteria regarding the remuneration component	Relative weighting of performance criteria	a) Measured performance and b) actual allocation / remuneration outcome (TSEK)
EBITDA (Actual EBITDA 2021)	50%	a) 100%
		b) 3,150,000 TSEK
Net sales (Actual Net Sales 2021)	30%	a) 100%
		b) 1,890,000 TSEK
LTIFR (Number of accidents per million hours worked for own employees and contractors)	10%	a) 73%
		b) 458,182 TSEK
Reduced CO2 emission (Decrease in percentage of carbon dioxide emissions)	10%	a) 22%
		a) b) 135,693 TSEK

### Share-based remuneration

#### **Outstanding share-based incentive programs**

Over the years, BillerudKorsnäs has implemented several long-term share-based incentive programs for the executive management team and other key employees. These programs are intended to attract, motivate, and retain the participating employees by providing long-term incentives through awards linked to the company's share price. They have been designed to align the participants incentives with shareholder interests.

As per 31 December 2021, the company had three ongoing share-based incentive programs (2019, 2020 and 2021) resolved by the annual general meeting (the "**programs**").

The programs 2019 and 2020 are targeting a maximum of 100 employees including the CEO and the other Executive Management Team members as well as other key personnel and talents. At the time of the annual general meeting 2022, the program from 2020 will be ongoing, while the program for 2019 ends in connection with the release of BillerudKorsnäs' interim financial report for the first quarter, in April 2022.

The programs 2019 and 2020 follow the same overall structure and require the participating employees to own shares in BillerudKorsnäs. For each share allocated to the programs, the participants may be awarded BillerudKorsnäs shares – free of charge – subject to:

- the participant continuing his/her employment with BillerudKorsnäs, and retaining the BillerudKorsnäs shares held in the framework of each program during the three-year vesting period, and
- fulfilment of certain defined retention and performance conditions to maintain the employees for each program during the three-year measurement period, such conditions considered to be significant for the future development of BillerudKorsnäs.

The number of shares that the participant will receive depends on the fulfilment of the retention and performance conditions.

The participating employees are divided into three participation categories. Category 1 and 2 may allocate BillerudKorsnäs shares up to a value of 10% of their respective gross base salary, while Category 3 may allocate

500 BillerudKorsnäs shares, in each program. For each share held in the framework of the program, Category 1 may receive up to six BillerudKorsnäs shares, category 2 may receive up to five BillerudKorsnäs shares and Category 3 may receive up to four BillerudKorsnäs shares.

BillerudKorsnäs' CEO, Christoph Michalski, participates as the Category 1 participant in the program for 2020 that vests in connection with BillerudKorsnäs' interim financial report for the first quarter 2023, with a total of 8,134 BillerudKorsnäs shares allocated within the framework of the program.

***Performance targets in outstanding share-based incentive programs 2019-2020***

LTIP year		Series A Performance Share Right	Series B Performance Share Right
2019	Matching Share Right  50% dependent on positive TSR for the period	BillerudKorsnäs' annual organic growth 2%-4%  50% dependent on positive TSR for the period	BillerudKorsnäs' adjusted EBITDA Margin 15%-18%.  50% dependent on positive TSR for the period
2020	Performance share for sustainability, measured on DJSI  50% dependent on positive TSR for the period	BillerudKorsnäs' annual organic growth 2%-6%  50% dependent on positive TSR for the period	BillerudKorsnäs' adjusted EBITDA Margin 13%-18%.  50% dependent on positive TSR for the period

The program 2021 is targeting 60 employees including the CEO and other Executive Management Team members as well as other key employees and talents, and is ongoing at the time of the annual general meeting 2022.

The program differs from former share-based incentive program as it only measures one financial performance criterion, annual compound average growth rate of earnings per share ("EPS CAGR"), during the financial years 2021-2023, in order to create clarity and predictability for the participants. The participants must, in order to participate, own shares corresponding to an amount decided by the annual general meeting. The participants are offered an opportunity to receive shares in BillerudKorsnäs, subject to that the participant, with a few exceptions, is employed in BillerudKorsnäs and fulfil the shareholding requirement during the program's three years vesting period and depending on the level of fulfilment of the financial performance condition.

Allotment of the shares shall occur after the announcement of BillerudKorsnäs' interim financial report for the first quarter 2024. All shares allotted to the participants shall be transferred free of charge by BillerudKorsnäs.

The CEO of BillerudKorsnäs, Christoph Michalski, participates in Category 1 in the program for 2021 which is vesting in connection with BillerudKorsnäs interim financial report for the first quarter 2024, and may be allotted BillerudKorsnäs shares corresponding to 60 percent of his annual salary under the program.

The levels for the performance condition (threshold and maximum level, respectively) have been determined by the board. Information regarding threshold, maximum level and performance condition fulfilment will be given in connection to the annual general meeting 2024.

All programs include BillerudKorsnäs shares. Further information regarding outstanding share-based programs can be found in note 29 on page 103 - 104 in the Annual- and Sustainability Report 2021 as well as on BillerudKorsnäs' website, [www.billerudkorsnas.com](http://www.billerudkorsnas.com).



**Comparative information on the change of remuneration and BillerudKorsnäs' performance**

**Remuneration and company performance (SEK '000 unless otherwise stated)<sup>6</sup>**

	2019	2020	2021
<i>CEO's remuneration<sup>7</sup></i>			
CEO	22,844	8,255	14,836
CEO, adjusted for severance pay	7,964	8,255	-
<i>Company's performance<sup>8</sup></i>			
Sales growth in percent	3	-2	10
EBITDA margin in percent	12	11	15
Return on capital employed (ROCE) in percent	4	3	8
Interest bearing net debt/EBITDA	1.9	2.0	1.0
Dividend in percent of net profit	13	135	60
<i>Average remuneration on a full-time equivalent basis of employees<sup>9</sup></i>			
Average remuneration per employee in BillerudKorsnäs group TSEK	548	564	627

**Additional information available in the 2021 Annual and Sustainability Report and on BillerudKorsnäs' website**

BillerudKorsnäs' remuneration guidelines, adopted by the annual general meeting 2021, and the auditor's report regarding whether BillerudKorsnäs has complied with the guidelines can be found on BillerudKorsnäs' website, [www.billerudkorsnas.com](http://www.billerudkorsnas.com).

Additional information on BillerudKorsnäs' remuneration during 2021 that is not covered by this report is available in the 2021 Annual and Sustainability Report, which can be found on:

- p. 53-57 Work of the remuneration committee in 2021
- note 29 on p. 103 - 104 Information required by Chapter 5, Sections 40-44 of the Annual Accounts Act (1995:1554), including detailed information on remuneration to the other senior executives covered by the remuneration guidelines adopted at the 2021 annual general meeting and the BillerudKorsnäs' share and share price related incentive programs
- note 29 on p. 103 - 104 Remuneration to the board of directors

<sup>6</sup> Remuneration earned in the respective years.

<sup>7</sup> Remuneration includes fixed and variable short-term remuneration and benefits excluding pension and not including LTIP-costs.

<sup>8</sup> For definition on the performance conditions please see the Annual and Sustainability Report 2021 and mainly the section "Key Figure Definitions".

<sup>9</sup> Remuneration includes fixed and variable short-term and long-term remuneration and benefits.



## THE BOARD'S PROPOSAL FOR GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES (ITEM 15 ON THE AGENDA)

### Introduction

The board proposes that the annual general meeting resolves to adopt the following guidelines for remuneration to the CEO and the other members of the group's Executive Management Team (EMT members). The guidelines are applicable on remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2022. The guidelines do not apply to any remuneration approved by the general meeting, for example ordinary board remuneration and BillerudKorsnäs long-term share-related incentive programs.

### The guidelines' promotion of BillerudKorsnäs' business strategy, long-term interests and sustainability

BillerudKorsnäs is challenging conventional packaging for a sustainable future and this mission describes the purpose of BillerudKorsnäs' business operations. Profitable growth is essential when challenging less sustainable packaging materials and solutions over time. In order to deliver profitable growth, a goal-oriented and intensive work is being undertaken. BillerudKorsnäs' employees are the people that, with a customer focus, are driving the change that is needed to realise the strategy and achieve our ultimate purpose - a sustainable future.

For further information on BillerudKorsnäs' business strategy, see the company's website, [www.billerudkorsnas.com/about-us/strategy-platform](http://www.billerudkorsnas.com/about-us/strategy-platform).

A prerequisite for the successful implementation of BillerudKorsnäs' business strategy and safeguarding of BillerudKorsnäs' long-term interests, including its sustainability, is that BillerudKorsnäs is able to recruit and retain qualified employees with high competence and capacity to achieve set goals. BillerudKorsnäs will challenge conventional packaging for a sustainable future – and it is BillerudKorsnäs' talented and high-performing employees that are the people driving the change that is needed to realise the strategy and achieve this purpose. To achieve this, it is necessary that BillerudKorsnäs offers competitive total remuneration which creates incentives for senior executives. The goal is to create incentives to promote BillerudKorsnäs' business strategy and long-term interests, deliver exceptional results and to link incentives for key persons within BillerudKorsnäs with the shareholders' interests. These guidelines enable this objective and that EMT members can be offered a competitive total remuneration.

### Types of remuneration, etc.

BillerudKorsnäs shall be on market terms as regards compensation levels and terms of employment. The remuneration shall consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Furthermore, the general meeting may resolve on, among other things, share and share price-related remuneration.

The variable cash remuneration to the EMT members is paid based on outcomes in relation to clearly stated goals and shall amount to a maximum of 70 percent of their respective annual fixed cash salary. Reflecting current market conditions, the variable cash remuneration for members of the EMT employed in the U.S. may amount to a maximum of 150 percent of their respective annual fixed cash salary.

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining EMT members, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 percent of the annual fixed cash salary, and 150



percent of the annual fixed cash salary for members of the EMT employed in the U.S. Any resolution on such remuneration shall be made by the board based on a proposal from the remuneration committee.

Decisions on long-term share and share price-related remuneration are made by the general meeting – irrespective of these guidelines. Long-term share and share price-related remuneration shall be designed to ensure long-term commitment to BillerudKorsnäs' development and in order for the CEO and EMT members to have a significant, long-term shareholding in BillerudKorsnäs. The outcome of the long-term share and share price-related remuneration shall be linked to certain predetermined performance criteria based on BillerudKorsnäs' share price and/or results.

The board may also, in order to meet market conditions and to reasonable administrative complexity, offer the members of the EMT employed in the U.S., participation in cash based long-term incentive programs linked to achievement of pre-determined financial performance targets. The maximum outcome shall have a pre-determined cap amounting to no more than 150 percent of the annual fixed cash salary.

More information about these programs, including the criteria for the outcome, are 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 headings "*Long-term incentive programs*" and "*Remuneration*".

Pension benefits shall be defined contribution. The pension premiums for defined contribution pension shall amount to a maximum of 35 percent of the annual fixed cash salary. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. Other benefits may include, for example, life insurance, medical insurance (Sw: *sjukvårdsförsäkring*) and company car. Premiums and other costs related to such benefits may amount to no more than 40 percent of the annual fixed cash salary.

### **The decision-making process to determine, review and implement the guidelines**

The board has established a remuneration committee. The committee's tasks include preparing the board's decision to propose guidelines for executive remuneration. The guidelines shall be in force until new guidelines are adopted by the general meeting. The board shall prepare a proposal for new guidelines where material changes of the guidelines become necessary, and in any case at least every fourth year and submit it to the general meeting.

The remuneration committee shall also monitor and evaluate programs for variable remuneration for the Executive Management Team, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in BillerudKorsnäs. The members of the remuneration committee are independent of the company and its Executive Management Team. The CEO and EMT members do not participate in the board's processing of and resolutions regarding remuneration-related matters if they are affected by such matters.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

### **Criteria for awarding variable cash remuneration, etc.**

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualised, quantitative or qualitative objectives. The objectives for the group for variable cash remuneration may change from year to year depending on the group's focus areas and strategic decisions.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for



the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other EMT members, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by BillerudKorsnäs.

Variable cash remuneration shall only be paid provided that BillerudKorsnäs' operating profit is positive, and the remuneration committee shall only use its discretion to decide on variable remuneration in accordance with the goals set out above in a way that implies that there is a link between such compensation and BillerudKorsnäs' result.

### **Salary and employment conditions for employees**

In the preparation of the board's proposal for these remuneration guidelines, salary and employment conditions for employees of BillerudKorsnäs have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to senior executives and remuneration to other employees will be disclosed in the remuneration report.

### **Termination of employment**

In the event of termination of employment of an EMT member, a notice period of a maximum of twelve months and a right to severance pay corresponding to a maximum of the fixed cash salary for one year if the employment is terminated by BillerudKorsnäs. When termination is made by an EMT member, the notice period may not exceed six months, without any right to severance pay. In order to meet market conditions, in relation to members of the EMT employed in the U.S., BillerudKorsnäs can apply severance pay corresponding to a maximum of 18 months fixed cash salary if the employment is terminated by BillerudKorsnäs and similar situations.

### **Remuneration to board members elected by general meetings**

Board members elected by general meetings in BillerudKorsnäs shall in special cases be able to be remunerated for services within their respective areas of expertise, which do not constitute board work in BillerudKorsnäs Aktiebolag. For these services, a market-based fee shall be paid, which must be approved by the board.

### **Derogation from the guidelines**

The board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve BillerudKorsnäs' long-term interests, including its sustainability, or to ensure BillerudKorsnäs' financial viability. As set out above, the remuneration committee's tasks include preparing the board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

## **PERFORMANCE BASED LONG-TERM SHARE PROGRAM (ITEM 16 ON THE AGENDA)**

### **IMPLEMENTATION OF A PERFORMANCE BASED LONG-TERM SHARE PROGRAM FOR 2022 (ITEM 16(A) ON THE AGENDA)**

During the end of 2020, the Remuneration Committee, together with external advisers, performed a review of the group's ongoing long-term share programs. As a result of this review a new share-based program was adopted at the annual general meeting 2021. The new share-based program creates better incentives for the participants, is easier to understand and more easily accessible for the participants as well as aligns the participants and the shareholders' interests compared to previous programs.

To create clarity and predictability for the participants and to further align the interests of the participants with the interests of the shareholders, the new share program is focused solely on one strategically important financial



performance condition, earnings per share, described in more detail below. The board is convinced that the proposed share program will benefit the company's shareholders as it will contribute to the opportunity to recruit and retain strategically important employees, is expected to increase the commitment and the motivation for the participants in the program and will strengthen the participants' ties to the BillerudKorsnäs group and its shareholders.

In light of the above, the board proposes that the annual general meeting resolves to implement a performance based long-term share program for members of the Executive Management Team (EMT members) and other key employees in BillerudKorsnäs (the "**Share Program 2022**"). Share Program 2022 has the same structure and keep the same economic characteristics for the participants and the same criteria for measuring performance as the long-term share program of 2021. As it has been the case in previous long-term share-based incentive programs an own shareholding in BillerudKorsnäs-shares is a condition to participate also in Share Program 2022.

### **Shareholding requirement**

To be entitled to participate in the Share Program 2022, the employees must hold shares corresponding to a certain value determined by the annual general meeting. The value is a portion of the employee's fixed annual salary 2021 (before tax), where the CEO shall hold as many shares as correspond to 15 percent of the annual salary, the other EMT members shall hold as many shares as correspond to 10 percent of the annual salary, and other key persons shall hold so many shares as correspond to 5 percent of the annual salary. To determine the number of shares corresponding to this value, the value shall be divided by the closing price of the BillerudKorsnäs share as per the last day of trading 2021.

If the participant has inside information and therefore is prevented from acquiring shares in BillerudKorsnäs to meet the shareholding requirement in connection with the application for participation in the Share Program 2022, the acquisition of shares shall be made as soon as the participant no longer has inside information.

New employees who have not yet started their employment when application for participation in the Share Program 2022 is to be made at the latest may, subject to the employment starting during 2022, be offered participation in the Share Program 2022 if the Remuneration Committee deems it to be in line with the purpose of the Share Program 2022, provided that the employee acquires the required number of shares.

### **Participants in the Share Program 2022**

The Share Program 2022 comprises a maximum of 60 participants in the Executive Management Team and key persons within the BillerudKorsnäs group, divided into three categories: CEO ("**Category 1**"), other EMT members, approximately nine participants, ("**Category 2**") and other key persons, approximately 50 participants, ("**Category 3**").

### **Terms and conditions for the Share Program 2022**

The main terms for the Share Program 2022 are as follows:

- The participants in the Share Program 2022 are given the opportunity to be allotted shares in BillerudKorsnäs ("**Performance shares**") subject to that the participant, with certain exceptions, is employed with BillerudKorsnäs and fulfils the shareholding requirement during the Vesting period as well as depending on the level of fulfilment of a financial performance condition.
- Allotment of Performance shares shall be made after the publication of BillerudKorsnäs' interim report for the first quarter 2025 (the "**Vesting period**").
- The maximum number of Performance shares that can be allotted to the participant is the number of shares corresponding to 60 percent of the annual salary for Category 1, 50 percent of the annual salary



for Category 2 and 25 percent of the annual salary for Category 3. When calculating the number of Performance shares to be allotted, the participant's annual salary (before tax) as per 31 December 2024 shall be divided by the volume weighted average share price of the BillerudKorsnäs share on Nasdaq Stockholm during the first five trading days after the publication of BillerudKorsnäs' interim report for the first quarter 2025. Upon allotment of Performance shares to the participants, BillerudKorsnäs may cash settle a certain portion to cover the participant's taxation of benefits due to the allotment in the Share Program 2022 (instead of settling the entire outcome in the form of shares).

## **Performance condition for the Share Program 2022**

The allotment of Performance shares after the Vesting period depends on the level of fulfilment of the financial performance condition *annual compound average growth rate of earnings per share* ("EPS CAGR") during the financial years 2022-2024. EPS CAGR shall be calculated on the basis of the financial information presented in BillerudKorsnäs' interim reports (adjusted for items affecting comparability and exchange rate effects).

The levels for the performance condition (threshold and maximum level, respectively) have been determined by the board. If the maximum level is met, the allotment will amount to the highest number of Performance shares in accordance with the above. If the threshold level is not met, there will be no allotment of Performance shares. If fulfilment of the performance condition is between the threshold and maximum level, allotment will be made on a linear basis.

Information regarding the threshold level, maximum level and performance condition fulfilment will be given in connection with the annual general meeting 2025.

## **Shareholding policy and shareholding targets**

To further align the long-term interests between the participant and the company's shareholders, the participants in the Share Program 2022 will undertake to retain half of the allotted Performance shares until the participant has a shareholding in BillerudKorsnäs corresponding to a set shareholding target depending on the participant's category, in accordance with the following: 100 percent of the annual salary for Category 1, 50 percent of the annual salary for Category 2, and 25 percent of the annual salary for Category 3.

## **The preparation of the proposal and form and administration of the Share Program 2022**

The Share Program 2022 has been discussed at board meetings during the first months of 2022. The Remuneration Committee shall be responsible for the detailed design, the administration and interpretation of the detailed terms to be applicable between BillerudKorsnäs and the participant for the Share Program 2022, within the scope of the terms and conditions stated herein and with regard to the purpose of the program.

The Remuneration Committee shall be entitled to make adjustments to the Share Program 2022 and the resolutions in relation thereto to meet certain regulations or market conditions abroad. If delivery of Performance shares to participants outside Sweden cannot be made at reasonable costs and with reasonable administrative efforts, the Remuneration Committee shall be entitled to decide that the participant may instead be offered a cash settlement of the entire allotment under the Share Program 2022. The Remuneration Committee shall also be entitled to make other adjustments, including e.g. the right to resolve on a reduced allotment of Performance shares, if material changes would occur within the BillerudKorsnäs group or on the market that, according to the board's assessment, would mean that the resolved terms and conditions for allotment of shares in accordance with the Share Program 2022 no longer fulfils its main objectives.



### **Costs for the Share Program 2022**

Based on an assumption of 60 participants in the Share Program 2022 (divided into the categories stated under the heading "*Participants in the Share Program 2022*") and the participants' respective annual salary 2021 with an annual increase of 2-5 percent, a share price of SEK 150 per share at the start of the program, an increase of 10 percent of the share price per year as well as under the assumption of a performance condition fulfilment between the threshold and maximum levels determined by the board, the total costs for the Share Program 2022 is estimated to amount to SEK 20.2 million, whereof SEK 14.4 million in salary costs and SEK 5.8 million in social security contributions. The estimated costs correspond to approximately 0.5 percent of the total employment costs for 2021. The costs will be expensed over the Vesting period. The estimate is based on the assumption that no participants end their employment and that the cost corresponds with the received benefit when the program ends.

The maximum estimated cost for the Share Program 2022, based on the assumptions above, but with the assumption that the maximum level determined by the board for the performance condition is met, is estimated to amount to approximately SEK 40.4 million, whereof SEK 28.8 million in salary costs and SEK 11.6 million in social security contributions. If the threshold level for the performance condition is not met, no allotment of Performance shares will be made, and no costs will incur.

If repurchased shares are allotted to fulfil the commitments under the Share Program 2022 in full (without a cash settlement to cover the participant's taxation of benefits), the number of outstanding shares in BillerudKorsnäs is expected to increase by a maximum of 200,000 shares based on the assumption of a participation of 60 participants in the program, an annual salary increase of 2-5 percent as well as a share price of SEK 200 when the allotment of Performance shares is determined in connection with the publication of the interim report for the first quarter 2025. Such an increase would have a dilutive effect on the number of shares on the market of approximately 0.1 percent. The total maximum increase in the number of outstanding shares of all outstanding share programs (including LTIP 2022) is estimated to amount to no more than 744,573 shares, corresponding to a dilutive effect on the number of shares on the market of approximately 0.4 percent. In this calculation, maximum allotment of Performance shares under the Share Program 2022, 2021 and 2020 as well as actual allotment under the share program 2019 has been assumed.

### **Delivery of shares under the Share Program 2022**

The board has considered two alternative methods for delivering Performance shares to the participants, subject to the terms and conditions for the Share Program 2022; either that BillerudKorsnäs (i) allots shares held by the company itself to participants, free of charge, according to the board's proposal under item 16(b) on the agenda, 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 allotment of own shares in accordance with the proposal under item 16(b) on the agenda, the board may enter into a hedging agreement with a third party to hedge the obligations of BillerudKorsnäs to deliver Performance shares under the Share Program 2022. If the annual general meeting resolves on transfer of shares in accordance with item 16(b) on the agenda, but the number of shares covered by said resolution would not be sufficient to deliver the Performance shares in full to the participants in accordance with the terms and conditions of the Share Program 2022 (due to negative development of the stock market during the Vesting period), the remaining part shall be settled in cash.

BillerudKorsnäs has own shares held in treasury that covers the obligation to deliver shares to the participants in the outstanding share programs as well as in the Share Program 2022.



## Ongoing incentive programs and incentive programs ended during the year in BillerudKorsnäs

For information on BillerudKorsnäs' outstanding share programs resolved by the annual general meetings 2019, 2020 and 2021 as well as the share program 2018 that was ended during 2021, please refer to the annual report 2021 and to BillerudKorsnäs' website, [www.billerudkorsnas.com](http://www.billerudkorsnas.com). Other than the programs described therein, there are no share or share price-related incentive programs in BillerudKorsnäs.

## TRANSFER OF OWN SHARES TO THE PARTICIPANTS (ITEM 16(B) ON THE AGENDA)

The board proposes that the annual general meeting resolves upon a transfer of a maximum of 200,000 BillerudKorsnäs shares held in treasury to the participants in the Share Program 2022 (or the higher number of shares that may result from extraordinary events such as bonus issue, split, rights issue and/or similar events during the Vesting period in accordance with customary practice for corresponding incentive programs). Allotment of shares to the participants shall be made free of charge in accordance with the terms and conditions of the Share Program 2022. The reasons for deviating from the shareholders' preferential right are the same as the reasons motivating implementation of the Share Program 2022.

In order for a resolution regarding transfer of own shares to the participants in the Share Program 2022 in accordance with item 16(b) on the agenda 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.

## AMENDMENT OF THE ARTICLES OF ASSOCIATION (ITEM 17 ON THE AGENDA)

The board proposes that the articles of association are changed so that the company's business name changes, from BillerudKorsnäs Aktiebolag (publ) to Billerud Aktiebolag (publ):

### *Current wording*

#### § 1 The Company's business name

The company's business name (Sw. *företagsnamn*) shall be BillerudKorsnäs Aktiebolag (publ).

### *Proposed wording*

#### § 1 The Company's business name

The company's business name (Sw. *företagsnamn*) shall be Billerud Aktiebolag (publ).

The board's complete proposal to new articles of association can be found on pages 27-28 in this document.

Up until the new articles of association has been registered by the Swedish Companies Registration Office (Sw: *Bolagsverket*), which will happen on the latest during the third quarter of 2022, the company will use the current business name BillerudKorsnäs Aktiebolag (publ).

In order for a resolution amendment of the Articles of Association in accordance with item 17 on the agenda 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 TO RESOLUTION ON AUTHORISATION FOR THE BOARD OF DIRECTORS TO RESOLVE ON ISSUE OF SHARES WITH PREFERENTIAL RIGHT FOR THE SHAREHOLDERS (ITEM 18 ON THE AGENDA)

### Background

On March 31, 2022 BillerudKorsnäs completed the acquisition of Verso Corporation (“Verso”) for a purchase price of approximately USD 825 million in cash. Verso is a leading provider of coated paper in North America. The acquisition of Verso strengthens BillerudKorsnäs’ strategy to drive profitable and sustainable growth and its ambition to accelerate its growth in North America. As a result of the acquisition of Verso, BillerudKorsnäs is now one of the largest providers of virgin paper and packaging materials with a cost and quality advantage. More information about the reasons behind the acquisition can be found in the press release by which BillerudKorsnäs on the 20 December 2021 announced that BillerudKorsnäs had entered into an agreement to acquire Verso:

<https://www.billerudkorsnas.com/press--news/press-releases/2021/billerudkorsnas-to-acquire-verso-to-ignite-growth-in-north-america>.

The purchase price in the acquisition was partly financed by a bank loan amounting to MSEK 6,000. In order to repay a part of the bank loan the board proposes that the annual general meeting resolves to authorise the board to resolve on a new issue of shares with preferential right for the existing shareholders in accordance with the conditions as follows below (the “Rights issue”).

### Authorisation for the board of directors to resolve on the Rights Issue

The board proposes that the board shall be authorised to, for the period up until the end of next annual general meeting, resolve on the Rights issue. The proceeds from the Rights issue (net after transaction costs) will be used to repay part of the bank loan provided for the acquisition of Verso.

By making use of the authorisation, the Board shall have the right to execute the Rights issue with total proceeds of maximum SEK 3.5 billion through the issuance of, no more than, so many shares that at any time are within the maximum number of shares determined in the articles of association and thereby increase the share capital by, no more than, an amount that at any time is within the maximum share capital determined in the articles of association. The authorisation includes the right to resolve on a new issue of shares to be paid with cash, and the board may, if finding it properly, allow shares to be paid by way of set-off.

### Support from shareholders for the Rights issue

BillerudKorsnäs’ four largest shareholders, AMF Pension and Funds, FRAPAG Beteiligungsholding, Swedbank Robur Funds and The Fourth Swedish National Pension Fund, which together hold around 37.7% of BillerudKorsnäs’ share capital, have expressed their intention to vote for the Rights issue and subscribe for their pro rata share.

Danske Bank and SEB, acting as financial advisors to BillerudKorsnäs in relation to the Rights issue, have confirmed their commitment, subject to customary conditions and subject to BillerudKorsnäs obtaining binding subscription commitments for at least 25% of the Rights issue, to enter into an underwriting agreement in connection with the Rights issue. The Rights issue will, by way of the shareholder commitments and the underwriting by Danske Bank and SEB, be fully covered.

## INFORMATION ABOUT THE BOARD MEMBERS PROPOSED BY THE NOMINATION COMMITTEE



### Jan Svensson

Chairman of the board (proposed for re-election)

Education: MSc in Business Administration & Economics, Stockholm School of Economics.

Year born: 1956

Other assignments: Chairman of the Board of Securitas AB, Fagerhult AB and Tomra Systems ASA. Board member of Nobia AB, Herenco Holding AB, Stena Metall AB and Climeon AB (publ).

Background: CEO of Investment AB Latour (2003-2019), CEO of AB Sigfrid Stenberg (1986-2002).

Elected: 2021

Committee assignments: Chairman of the Remuneration Committee

Shareholding<sup>1</sup>: 20 000 shares (own and closely related parties)

Independent/Not independent: Independent of the Company and management, independent of the Company's major shareholders.



### Andrea Gisle Joosen

Board member

Education: MSc International Business at Copenhagen Business School (CBS).

Year born: 1964

Other assignments: Chairman of Acast AB, Board member of Currys PLC, Stadium AB, Qred AB, Logent AB and The Nu Company GMBH.

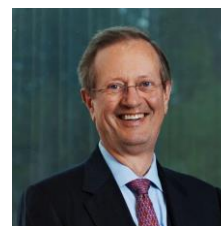
Background: CEO of Boxer TV Access AB, Nordic Managing Director of Panasonic, Chantelle and Twentieth Century Fox Home Entertainment. Previously held management positions at Johnson & Johnson and Procter & Gamble. Chairman of the Board of Teknikmagasinet AB, Board Member of Ica Gruppen and Mr Green & Co AB.

Elected: 2015

Committee assignments: Member of the Audit Committee

Shareholding<sup>1</sup>: 3 010 shares

Independent/Not independent: Independent of the Company and management, independent of the Company's major shareholders.



### Bengt Hammar

Board member

Education: BA and MA in International Economics and Politics, Princeton University, New Jersey, United States.

Year born: 1951

Other assignments: Senior Adviser, Pöyry Capital Ltd.

Background: Founder and CEO of Pöyry Capital Ltd., Managing Director, Head of Global Forest Products & Packaging, Barclays De Zoete Wedd Ltd. Executive Director, Head of European Forest Products & Packaging, Morgan Stanley & Co. Int.

Elected: 2014

Committee assignments: –

Shareholding<sup>1</sup>: 2 000 shares (own and closely related parties)

Independent/Not independent: Independent of the Company and management, independent of the Company's major shareholders.



### Victoria van Camp

Board member

Education: MSc in mechanical engineering and doctorate in machine elements at Luleå University of Technology.

Year born: 1966

Other assignments: CTO and President, SKF Technology, AB SKF.

Background: Board member of VBG Group AB and PREERA. Director of Industrial Market Technology & Solutions, Director of Product Innovation Lubrication BU and several other positions in SKF Group.

Elected: 2017

Committee assignments: -

Shareholding<sup>1</sup>: 950 shares (own and closely related parties)

Independent/Not independent: Independent

of the Company and management, independent of the Company's major shareholders.



### Jan Åström

Board member

Education: MSc in Chemical Engineering, Royal Institute of Technology, Stockholm.

Year born: 1956

Other assignments: Chairman of the board of Bergvik Skog Öst AB. Member of the board of ECO Development AB. Chairman of the foundation Central Fund for Employees in Forestry and the Forest Industry, as well as Chairman of the Swedish Wrestling Federation.

Background: President and CEO of Ahlstrom Munksjö Oyj, SCA AB, Modo Paper AB. Head of Business Group for SCA Fine Paper and Head of SCA Packaging Munksund.

Elected: 2018

Committee assignments: Member of the Remuneration Committee

Shareholding<sup>1</sup>: 111 shares (own and closely related parties)

Independent/Not independent: Independent

of the Company and management, independent of the Company's major shareholders.



### Florian Heiserer

Proposed board member

Education: Master's degree in Business Administration, Vienna University of Economics and Business

Degree in Biomedical Engineering, TGM College of Electronics, Vienna

Year born: 1981

Other assignments: CFO of FRAPAG Group,

Executive Board Member of FRAPAG Beteiligungsholding AG, board Member of HKW Privatstiftung, MIKA Privatstiftung, FRAPAG America Inc.

Background: CEO of Buy-Out Central Europe II Beteiligungs-Invest AG, board Member of BillerudKorsnäs Venture AB, Supervisory board Member of Atterbury S.A., Alternapak Holding BV, Chemson Polymer-Additive AG, Buy-Out Central Europe II Beteiligungs-Invest AG.

Elected: 2022

Committee assignments: Member of the Remuneration Committee.

Shareholding<sup>1</sup>: 25,000,250 (own and closely related parties, includes 25,000,000 shares held by FRAPAG Beteiligungsholding AG) shares

Independent of the Company and management, not independent of the Company's major shareholders.

<sup>1</sup> Own and related parties shares as per 15 February 2022.





## Magnus Nicolin

Proposed board member

Education and professional experience: MBA, Wharton – University of Pennsylvania. BSc, Stockholm School of Economics.

Other current assignments/positions:  
Board member of FAM AB.

Born: 1956

Selected previous assignments: CEO of Ansell Limited, an Australia listed company and the global no. 1 provider of personal protective equipment (PPE) 2010 – 2021, President, Europe, Middle East, Africa and Asia Pacific of Newell Rubbermaid Inc., CEO of Esselte Business Systems Inc 2002 – 2006 following a leveraged buy-out which he lead together with a PE company, Executive Vice President & Business Area President of Esselte Business Systems Inc. Senior positions in Bayer AG, Pitney Bowes Inc., and McKinsey & Company. Board assignments in several global boards, such as Ansell, Esselte, Isaberg-Rapid and Primix.

Elected: 2022

Committee assignments: -

Shareholdings: 0

Independent in relation to the Company and Management, independent in relation to the Company's major shareholders.

<sup>1</sup> Own and related parties shares as per 15 February 2022.



**THE AUDITOR'S MOTIVATED STATEMENT IN ACCORDANCE WITH CHAPTER 8 SECTION 54 OF THE SWEDISH COMPANIES ACT**



Translation from the Swedish original

**Auditor's opinion under Chapter 8 Section 54 of the Swedish Companies Act (2005:551) as to whether the guidelines of the annual general meeting on the remuneration of senior executives have been followed**

To the annual general meeting of BillerudKorsnäs (publ.), Corporate identity No 556025-5001

**Introduction**

We have audited whether the Board of Directors and the Chief Executive Officer of BillerudKorsnäs (publ.) during the year 2021 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 5 May 2020 and the annual general meeting on 5 May 2021.

**Responsibility of the Board of Directors and the Chief Executive Officer**

The Board of Directors and the Chief Executive Officer are responsible for the guidelines being followed and for the internal control that the Board of Directors and the Chief Executive Officer deem necessary to ensure that the guidelines are followed.

**Responsibility of the auditor**

Our responsibility is to issue an opinion, based on our audit, to the annual general meeting as to whether the guidelines have been followed. We have conducted the audit in accordance with FAR recommendation RevR 8 *Audit of remuneration of senior executives of listed companies*. This recommendation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the guidelines adopted by the annual general meeting are followed in all material aspects. The audit firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of BillerudKorsnäs in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The audit has covered the company's organization for and documentation of remuneration issues for senior executives, the new decisions on remuneration that have been taken and a selection of the payments made during the financial year to the senior executives. The auditor chooses what procedures are to be performed, in part by assessing the risk of the guidelines not being followed in all material aspects. In making those risk assessments, the auditor considers internal control relevant to compliance with the guidelines in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We believe that our audit provides a reasonable basis for our opinion set out below.

**Opinion**

We consider that the Board of Directors and Chief Executive Officer of BillerudKorsnäs AB (publ.) during 2021 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 5 May 2020 and the annual general meeting on 5 May 2021.

Stockholm 7 April 2022

KPMG AB

Ingrid Hornberg Román  
Authorized Public Accountant



## ARTICLES OF ASSOCIATION IN THE PROPOSED WORDING

### BILLERUD AKTIEBOLAG (PUBL) (556025-5001) ARTICLES OF ASSOCIATION ADOPTED AT THE ANNUAL GENERAL MEETING ON 10 MAY 2022

*This is an in-house translation of the Company's Articles of Association. In case of any discrepancies between the Swedish original Articles of Association and this translation, the Swedish original shall prevail.*

#### § 1 The Company's business name

The company's business name (Sw. *företagsnamn*) shall be Billerud Aktiebolag (publ).

#### § 2 Object of operations

The object of the company's operations is to, directly and indirectly, carry on forest industry operations, which includes producing and selling pulp, paper and board as well as packaging materials and packaging solutions made thereof, own, manage, acquire, transfer and lease real property within forestry, carry on production of forestry and sell products derived from these assets, carry on production of electric power and energy generation as well as to carry on other activities associated therewith.

#### § 3 Share Capital

The company's share capital shall be at least SEK 750,000,000 and at most SEK 3,000,000,000.

#### § 4 Number of shares

The number of shares shall be at least 100,000,000 and at most 400,000,000.

#### § 5 Registered office

The registered office of the Board of Directors is in Stockholm, Sweden.

#### § 6 Board of Directors

The Board of Directors shall be composed of at least six members and at most ten members, with at most six deputies.

#### § 7 Auditors

One or two auditors and at most two deputy auditors, or a registered firm of auditors, shall be appointed. The assignment as auditor shall remain until the end of the annual general meeting held during the first, second, third or fourth financial year following the year the auditor was appointed.

#### § 8 Annual General Meeting

An Annual General Meeting shall be held each year within six months of the end of the financial year.

The following items of business shall be addressed at the Annual General Meeting:

1. Election of a Chairman of the Meeting;
2. Preparation and approval of a list of voters;
3. Approval of the agenda;
4. Election of one or two persons to check the Minutes;
5. Examination as to whether the Meeting has been duly convened;
6. Presentation of the Annual Report and the Auditors' report, and as necessary, of the Consolidated Annual Report and the Consolidated Auditors' Report;
7. Resolutions on



- a) adoption of the Income Statement and Balance Sheet, and as necessary, of the Consolidated Income Statement and Consolidated Balance Sheet,
  - b) distribution of the Company's profit or loss in accordance with the adopted Balance Sheet,
  - c) discharge from liability for the members of the Board and the Managing Director;
8. Determination of the number of Board members and deputies to be elected by the Meeting and, as necessary, determination of the number of auditors and deputy auditors to be elected by the Meeting, or alternatively, determination of whether a registered firm of auditors shall be elected;
  9. Determination of fees payable to the Board of Directors and, as necessary, to the auditors;
  10. Election of members of the Board and deputies, and as necessary, election of auditors and deputy auditors or registered firm of Auditors;
  11. Any other business to be on the agenda of the Meeting pursuant to the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) or Articles of Association.

### **§ 9 Notice**

Notice of a general meeting of shareholders shall be made in the form of an announcement in an advertisement in the Official Gazette (Sw. *Post och Inrikes Tidningar*) and on the company's website. Confirmation that notice has been given shall be given in an advertisement in Svenska Dagbladet.

Shareholders who wish to participate in negotiations at the general meeting must notify the company of their intention to participate at the latest on the day indicated in the announcement of the meeting. The latter date shall not be a Sunday, holiday, Saturday, midsummer eve, Christmas eve, New Year's eve and shall not be earlier than five working days before the meeting.

Shareholders may be accompanied by one or two assistants at the meeting provided that the shareholder has notified the company in accordance with the above paragraph.

### **§ 10 Collection of powers of attorney and voting by post**

The Board may collect powers of attorney in accordance with the procedure described in Chapter 7, section 4, second paragraph of the Swedish Companies Act.

The Board has the right before a general meeting to decide that shareholders shall be able to exercise their right to vote by post before the general meeting.

### **§ 11 Financial year**

The calendar year will be the financial year of the company.

### **§ 12 Record day provision**

The company's shares shall be recorded on a control register in accordance with the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (Sw. *lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

The shareholder or shareholder's representative entered on the established record day in the share register and the control register in accordance with chapter 4 of the Central Securities Depositories and Financial Instruments (Accounts) Act, or the person listed in the control account in accordance with chapter 4 § 18, first paragraph, lines 6-8, of the aforementioned law, shall be considered authorised to exercise the rights expressed in chapter 4 § 39 of the Swedish Companies Act.