

Board's proposal regarding guidelines for remuneration to the senior management (Chapter 8, §§ 51-53 of the Swedish Companies Act)

These guidelines refer to terms and conditions of employment for the CEO, executive vice president and other senior management, i.e. the heads of the business areas and central staffs that report directly to CEO. The guidelines shall apply to remuneration agreed after the guidelines have been adopted by the 2020 Annual General Meeting. The guidelines do not cover remuneration determined by the Annual General Meeting.

Guidelines' promotion of the company's business strategy, long-term interests and sustainability

Holmen's strategy is to own and add value to the forest. Holmen's forest holdings form the basis of the business in which the raw material grows and is refined into everything from wood products for climate-smart building to renewable packaging, magazines and books, using energy that largely comes from its own hydro and wind power.

Successful implementation of the company's business strategy, long-term interests and sustainability requires the company to be able to attract the right employees. This guideline is intended to provide Holmen with the conditions to recruit and retain skilled employees.

Forms of remuneration

A long-term share-based incentive programme has been established within the company. It was approved by the 2019 Annual General Meeting and is therefore not covered by these guidelines. The overall purpose of the Programme is to retain close alignment of the interests of senior management and shareholders and to encourage long-term commitment to Holmen. The Programme is intended to attract and retain employees who are critical to Holmen's ongoing success. The performance requirements used to assess the outcome of the programme are clearly linked to the business strategy and, thereby, to the company's long-term value creation, including its sustainability. The programme also includes requirements on own investment, remaining employment and multi-year retention. Over and above share-based incentive programmes approved by the Annual General Meeting, no variable remuneration shall be paid.

The remuneration of the CEO and other senior management shall consist of a fixed market-based salary. Other benefits may include such items as health insurance, accommodation and car allowance. Where such benefits are provided, they should constitute no more than 10 per cent of the fixed salary.

The retirement age shall normally be 65 years. The pension benefit shall be based on contributions and the contributions shall correspond to what is stipulated in the ITP occupational pension plan, currently 30% of fixed cash salary.

Notice and severance pay

The period of notice shall be six months, whether at the initiative of the company or the employee. In the event of notice being given by the company, severance pay may be paid in an amount corresponding to no more than 18 months' salary.

Consideration of salary and employment terms for other employees

In formulating its proposals for these remuneration guidelines, the Board has taken into account salaries and employment terms of the company's other employees, by including information about employees' total remuneration, the components of such remuneration and the increase in remuneration and the rate of increase over time, which have constituted part of the basis for decisions in evaluating the reasonableness of these guidelines.

Decision-making process for establishing, reviewing and implementing the guidelines

The Board has established a remuneration committee. The committee's duties include preparing the Board's decision on proposed remuneration guidelines for senior management. Under Chapter 8, § 51 of the Swedish Companies Act, the Board must draft proposed new guidelines at least every four years and put such proposal to the Annual General Meeting. The remuneration committee must also monitor and evaluate the application of the guideline and applicable remuneration structures and levels in the company. Members of the remuneration committee must be independent in relation to the company and its senior management. The CEO and other members of senior management do not attend the Board's discussion of and decisions on remuneration-related matters if such matters relate to them.

Deviation from the guidelines

The Board may decide to temporarily deviate from the guidelines in full or in part if, in an individual case, there are particular reasons for so doing and deviation is necessary in the long-term interests of the company, including its sustainability, or to ensure the company's financial viability.

Stockholm, February 2020

The Board of Directors