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## Remuneration report 2022

### Introduction

This remuneration report provides an outline of how Holmen AB (publ) (Holmen) guidelines for executive remuneration, adopted by the annual general meeting 2020, have been implemented in 2022. The report also provides details on the remuneration of Holmen's CEO and deputy CEO. In addition, the report contains a summary of Holmen's outstanding share related incentive programmes. The company has not provided the board of directors with any remuneration in excess of what has been resolved by the annual general meeting. Remuneration to the board of directors is therefore not covered by this report but is disclosed in the annual report for 2022 (note 4).

Further information on executive remuneration and the work of the remuneration committee can be found in the company's annual report (note 4 and the corporate governance report).

### Key developments 2022

The CEO summarizes the company's overall performance in his statement on page 4 in the annual report 2022.

### Overview of the application of the remuneration guidelines

Holmen has applied the remuneration guidelines adopted by the Annual General Meeting 2020. Under Holmen's remuneration guidelines, remuneration of executive management shall consist of a fixed market-based salary. Other benefits may constitute no more than 10 per cent of the fixed salary.

The remuneration guidelines, adopted by the annual general meeting 2020, can be found in note 4 in the annual report 2022. The auditor's report regarding compliance with the guidelines is available on the company's website [www.holmen.com](http://www.holmen.com). Total remuneration to CEO and deputy CEO is presented in table 1 below. In addition to remuneration covered by the remuneration guidelines, the annual general meeting has resolved to implement a long-term share-based incentive plan for senior management.



**Table 1 – Total remuneration paid to CEO and deputy CEO during 2022 (SEK)**

	Fixed remuneration		Variable remuneration	Extra-ordinary items <sup>1</sup>	Pension expense <sup>2</sup>	Total remuneration
	Base salary	Other benefits <sup>3</sup>				
Henrik Sjölund CEO	10 320 299	432 916	n/a	n/a	6 140 673	16 983 999
Anders Jernhall deputy CEO	5 244 000	87 955	n/a	n/a	2 836 240	8 168 195

### Share based remuneration

A long-term share-based incentive programme was approved by the 2019 Annual General Meeting with a duration from May 2019 until May 2022 (the Programme). The purpose of the Programme is to retain alignment of the interests of senior management and shareholders and to encourage long-term commitment to Holmen.

Subject to the employees making own investments in shares in the company (savings shares) up to a maximum of ten percent of their annual salary, and that the shares are held throughout the Programme, the employees will at the end of the Programme be awarded, free of charge, 0.5 matching shares and up to 3-6 performances shares per saving share, depending on position and outcome of the performance condition.

Allotment of matching shares is subject to a positive total shareholder return during the financial years 2019-2021. As per 2021-12-31 the total shareholder return was 161 per cent. Allotment of performance shares is subject to the satisfaction of conditions relating to the return on capital employed during the financial years 2019-2021.

The return on capital employed for the years 2019-2021 amounted to an average of 7.7 per cent. This means that participants receive 72 per cent of the maximum number of performance shares. There is a ceiling for the allotment which means, somewhat simplified, that the value of each right to matching or performance shares is limited to 200 per cent of the share price at the beginning of the Program. As the value of the rights to matching and performance shares at allotment exceed this value, a proportional reduction was made in the allotment of the number of matching and performance shares. The participants received 69 percent of the number of matching and performance shares as they should have received without the ceiling.

Further information about the Programme and the performance condition can be found on the company's website [www.holmen.com](http://www.holmen.com).

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<sup>1</sup> Non-recurring benefits (sign-on fees, redundancy payments etc.)

<sup>2</sup> The pension plan is defined contribution. The disclosed expenses include costs for an option to retire at the age of 60 and cost for health insurance. Mandatory social security fees are excluded.

<sup>3</sup> Benefits in kind that are taxable for the recipient.

The CEO has invested in 4 400 savings shares and the deputy CEO in 2 327 saving shares. They are entitled to 0.5 matching share and up to 6 (CEO) / 5 (deputy CEO) performance share per saving share, subject to the performance conditions. Based on the fulfillment of the program described above, the CEO was awarded 1,509 matching shares in 2022 and 13 038 performance shares (2,200 and 19,008 respectively before the above-mentioned ceiling limitation) and the deputy executive director 798 matching shares and 5,746 performance shares (1,163 and 8,378 respectively before the above-mentioned ceiling limitation).

### **2022 programme**

A long-term share-based incentive program with at term from May 2022 to May 2025 was adopted by the 2022 AGM, with essentially the same terms as the 2019 program. In contrast to what has been replaced by a performance condition (TSR condition), according to which the total return on the company's shares must amount to 10 percent. Furthermore, the performance condition (Performance Condition) is related to an average return on capital employed for the three business areas Cardboard, Paper and Wood Products, instead of the whole group. The managing director has invested 1 900 saving shares and the deputy managing director in 989 savings shares. At the end of the program, they are entitled to 0.5 performance shares per savings share if the TSR conditions is met and up to 6 (CEO) / 5 (Deputy CEO) per savings share depending on fulfillment of the Performance Condition.

### **Use of the right to reclaim**

No remuneration has been reclaimed by the company from the CEO or deputy CEO.

### **Compliance with the remuneration guidelines**

No variable remuneration has been paid during the year and the fixed remuneration has been market-based. The value of other benefits has not exceeded 10 per cent of the fixed salary and no shares or share-based derivatives of any sort have been awarded to the CEO or deputy CEO. Total remuneration to the CEO and the deputy CEO during the year has complied with the company's remuneration guidelines.

### **Derogations and deviations from the remuneration guidelines and from the procedure for implementation of the guidelines**

There have been no deviations from the procedures set out in the remuneration guidelines nor any derogations from the remuneration guidelines themselves. There have not been any significant changes regarding remuneration.

## Comparative information on the change of remuneration and company performance

**Table 2 – Change of remuneration and company performance over the last five reported financial years<sup>4</sup>**

	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 202	2022 vs 2021	2022 <sup>5</sup>
CEO, TSEK	+487(+6%)	+10 (+0%)	+10 (+0%)	+720 (+8%)	+4 (0%)	10 753
Deputy. CEO, TSEK	+244 (+6%)	-+239 (-6%)	+371 (+8%)	+21 (+0%)	+359 (7%)	5 332
Operating profit <sup>6</sup> , MSEK	+309 (+14%)	+131 (-5%)	-134 (+6%)	+1 582 (+64%)	3 201 (+79%)	7 262
Profit after tax, MSEK	+600 (+36%)	+6 463 (+285%)	+6 751 (-77%)	+1 025(+52%)	+ 2 870 (+96%)	5 874
Average remuneration of employees, TSEK <sup>7</sup>	+9 (+2%)	+6 (+1%)	+17 (+3%)	+5 (+1%)	+29 (+5%)	568

### Information on shareholder vote

No views or comments on the guidelines or the report have been put forward by shareholders.

<sup>4</sup> Excluding remuneration under share based programmes adopted by the shareholder's general meeting and pension expenses. For total remuneration, please refer to table 1.

<sup>5</sup> Total figures previous reported financial year.

<sup>6</sup> Excluding items affecting comparability.

<sup>7</sup> Reported personnel cost on a full-time equivalent bases of employees of the parent company, excluding members of group executive management.