

## Holmen AB (publ) Minutes of Annual General Meeting

This document is a translation of the Swedish original. In the event of discrepancies, the Swedish original shall prevail.

**Date:** 03/30/2022

**Venue:** The Annual General Meeting has been held with only postal voting in accordance with the Act on Temporary Exemptions to facilitate the conduct of general and general meetings (2022:121).

### **§ 1 Election of Chairman of the Meeting**

Fredrik Lundberg, Chairman of the Board, opened the 2022 Annual General Meeting. It was noted that the secretary of the board, Henrik Andersson, kept the minutes of the day.

It was noted that the outcome of the postal vote means that no matter on the agenda shall be pending for a continued shareholders meeting.

### **§ 2 Checking and approval of the minutes**

Hans Hedström, Carnegie Fonder and Carina Silberg, Alecta, was appointed to check the minutes, jointly with the Chairman.

### **§ 3 Voting list**

The voting list, which together with the list of received postal votes had been checked and approved by the adjusters, was approved,  
Appendix 1.

The list indicated that the number of shares represented amounted to 109,977,017 with a total number of votes of 505,646,177 votes.

**§ 4  
Agenda**

The proposed agenda in the Notice convening the Meeting was presented and approved.

**§ 5  
Notice convening the  
Meeting**

The Chairman announced that the notice convening the meeting had been published in *Post- och Inrikes Tidningar* (the official Swedish Gazette) and on the company's website on Tuesday the 23 February 2022. An advertisement about the Notice had been published in the daily newspaper Svenska Dagbladet on 25 February 2022.

The Meeting noted that notice had been duly given.

**§ 6  
Annual report, audit  
report etc**

It was noted that the annual report and the auditor's report as well as the consolidated accounts and the consolidated auditor's report and the auditor's opinion regarding the guidelines for remuneration to senior executives, had been presented as the documents had been available at the company and on its website for three weeks prior to the Meeting.

**§ 7  
Income statements and  
balance sheets etc**

The Meeting approved the presented income statements and balance sheets for the financial year 2021 for the Parent Company and the Group.

**§ 8  
Appropriation of profits**

The Board's proposed dividend and the Board's reasoned opinion on this, Appendix 2, had been made available at the company and on its website for three weeks prior to the Meeting.

The Meeting resolved in accordance with the proposal to dispose of the available net profit and retained earnings of SEK 7,075,629,940 according to the balance sheet in such a way that a dividend of SEK 11,50 per share would be paid to the shareholders, which would absorb SEK 1,862,145,378 and, that

the remaining amount of SEK 5,213,484,562 would be carried forward.

The Meeting further resolved in accordance with the Board's proposal that the record date for dividends would be Friday, April 1, 2022.

**§ 9  
Discharge from liability**

The meeting granted the Board of Directors and the Chief Executive Officer discharge from liability for 2021. It was noted that neither the CEO nor other Board members participated in the decision.

**§ 10  
Number of Board  
members and auditors**

The Meeting resolved, in accordance with the Nomination Committee's proposal, that the number of members of the Board elected by the AGM would be nine and that a registered auditing company be appointed as auditor.

**§ 11  
Fees for Board and  
auditor**

The Meeting resolved, in accordance with the Nomination Committee's proposal, that fees to the Board for the period up to and including the next AGM would be paid in a total of SEK 3,510,000 to members elected by the Meeting, of which SEK 780,000 to the Chairman and 390,000 each to members who are not employees of the company.

The Meeting further resolved, in accordance with the Nomination committee's proposal, that the auditors should be entitled to receive compensation in accordance with the approved invoice for review of the annual report, the accounts and the Board of Directors' and the CEO.

**§ 12  
Election of the Board  
and the Chairman of the  
Board**

The Meeting resolved to elect Fredrik Lundberg, Carl Bennet, Lars Josefsson, Alice Kempe, Louise Lindh, Ulf Lundahl, Fredrik

Persson, Henrik Sjölund and Henriette Zeuchner to the Board of Directors until the next Annual General Meeting.

The Meeting also elected Fredrik Lundberg Chairman of the Board.

**§ 13**  
**Election of auditor**

The Meeting resolved, in accordance with the Nomination committee's proposal, to elect the authorized public accounting firm PricewaterhouseCoopers AB as auditor for the period until the next Annual General Meeting. PricewaterhouseCoopers AB had announced that it intends to appoint authorised auditor Magnus Svensson Henryson as principal auditor.

**§ 14**  
**Remuneration report**

It was noted that the Board's report on remuneration prepared in accordance with Chapter 8, Section 53 of the Swedish Companies Act, Appendix 3, was submitted by making it available to the shareholders of the company and on its website for three weeks prior to the Meeting.

It was resolved to approve the submitted remuneration report.

**§ 15**  
**Introduction of share savings programme**

It was noted that the Board's proposal to introduce a share savings program for senior executives together with hedging measures, Appendix 4, was presented by making the documents available to the shareholders of the company and on its website for three weeks before the meeting.

In accordance with the Board's proposal 15 A, the AGM resolved to introduce a share savings program for senior executives. The AGM further resolved that the company's commitment to deliver shares to participants in the share savings program would be secured through transfers of Holmen's own Series B shares, in accordance with the Board's proposal 15 B 1. It was noted that the resolution was supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the Annual General Meeting. The Board's

alternative proposal to secure the share savings program's commitment, 15 B 2, thus lapsed.

**§ 16**  
**Authorisation to buy**  
**back and sell shares**

It was noted that the Board's proposal that it be given a mandate to making decisions in respect of the acquisition and transfer of own shares of series B, Appendix 5, and the Board's reasoned opinion on the proposal, Appendix 6, were presented by the documents being available to the shareholders of the company and on its website three weeks prior to the Meeting. The conditions for acquisition and transfer were set out in the proposal and the opinion.

The Meeting resolved, in accordance with the Board's proposal, to mandate the Board to make decisions on the acquisition and transfer of own shares of Series B shares on the terms specified in the proposal. It was noted that the resolution was supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the Annual General Meeting.

-----  
Appendix 7 sets out the following for each decision;

1. the number of votes for and against the draft decision,
  2. the number of votes that shareholders included in the voting list have abstained from casting,
  3. the number of shares for which votes have been cast, and
  4. the share of the share capital that these votes represent.
- 

Secretary

Henrik Andersson

H

Checked and approved

Fredrik Lundberg

Hans Hedström

Carina Silberg

This document is a translation of the Swedish original. In the event of discrepancies, the Swedish original shall prevail

## **Board's statement regarding proposed appropriation of profits**

The Board of Holmen AB has proposed that the 2022 Annual General Meeting resolves in favour of paying a dividend of SEK 7.50 per share as well as an extra dividend of SEK 4.00 per share, a total of SEK 1,862 million. Last year, a dividend of SEK 7.25 per share was paid as well as an extra dividend of SEK 3.50 per share, a total of 1 741 million. The proposal complies with the Board's policy, in that decisions on share dividends shall be based on appraisal of the Group's profitability situation, future investment plans and financial position.

The Board has established that the Group should have a strong financial position with a net financial debt not exceeding 25 per cent of equity. At 31 December 2021 it amounted to 9 per cent. The proposed dividend would increase net debt to equity by 4 percentage points.

Holmen AB's equity at 31 December 2021 amounted to SEK 12 990 million, of which non-restricted equity was SEK 7 076 million. Assets and liabilities measured at fair value according to Chapter 4 Section 14a of the Swedish Annual Accounts Act had an impact of SEK 944 million on equity. The Group's equity at 31 December 2021 amounted to SEK 46 992 million. In accordance with IFRS, no distinction is made at Group level between restricted and non-restricted equity.

The Board considers that payment of a dividend of the amount proposed is justifiable in view of the demands made on the company and the Group by the nature, extent and risks associated with the business in terms of the amount of equity required, and taking into account the need for consolidation, liquidity and financial position in other respects. The financial position will remain strong after payment of the proposed dividend and is considered to be fully adequate to enable the company to fulfil its obligations in both the short and the long term, as well as to finance such investments as may be necessary.

Stockholm, February 2022

The Board of Directors

This document is a translation of the Swedish original. In the event of discrepancies, the Swedish original shall prevail

## Remuneration report 2021

### 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 2021. 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 2021 (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 2021

The CEO summarizes the company's overall performance in his statement on page 4 in the annual report 2021.

### 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 2021. 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 2021 (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	9 360 000	426 724	n/a	n/a	5 907 348	15 694 072
Anders Jernhall deputy CEO	4 884 000	88 579	n/a	n/a	2 741 988	7 714 567

### 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. Should the value of the rights to matching and performance shares at allotment exceed this value, a proportional reduction is made in the allotment of the number of matching and performance shares. Whether the ceiling becomes applicable depends on the share price in April 2022.

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

<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.

44 persons participate in the programme. Upon maximum allotment of matching- and performance shares, the number of shares that could be allotted free of charge under the Programme would amount to 112,000 series B shares, corresponding to approximately 0.1 per cent of the share capital and approximately 0.02 per cent of the votes.

#### **Remuneration of the CEO and the deputy CEO in shares**

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. Hence, at the end of the programme, the CEO could be allotted 2 200 matching shares and up to 19 008 performance shares and the deputy CEO 1 164 matching shares and up to 8 377 performance shares, subject to the performance conditions.

#### **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>

	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2021 <sup>5</sup>
CEO, TSEK	+565 (+7%)	+487 (+6%)	+10 (+0%)	+720 (+8%)	+4 (0%)	9 787
Deputy. CEO, TSEK	-251 (-6%)	+244 (-6%)	+239 (+6%)	+371 (+8%)	+21 (0%)	4 973
Operating profit <sup>6</sup> , MSEK	+4 (+0%)	+309 (+14%)	-131 (+5%)	+134 (+6%)	1 582 (+64%)	4 061
Profit after tax, MSEK	+244 (+17%)	+600 (+36%)	+6 463 (+258%)	+6 751(-77%)	1 025 (+52%)	3 004
Average remuneration of employees, TSEK <sup>7</sup>	+17 (+3%)	+9 (+2%)	+6 (+1%)	+17 (+3%)	+5 (+1%)	560

### 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.

This document is a translation of the Swedish original. In the event of discrepancies, the Swedish original shall prevail

## The Board's proposal concerning (A) a long term share savings programme and (B) hedging arrangements

The Board of Directors proposes that the Annual General Meeting resolve to introduce a long-term share savings programme (the "**Programme**" or "**2022 LTIP**"). The Programme is open to the members of the Group management and a number of key employees of the Holmen Group and shall be introduced after Holmen's 2022 Annual General Meeting.

The 2019 Annual General Meeting approved the introduction of a long-term share savings programme, which expires on the publication of Holmen's interim report for the first calendar quarter of 2022 ("**2019 LTIP**"). The Board of Directors considers the programme to be appropriately designed and proposes that the 2022 Annual General Meeting adopt a long-term share savings programme with substantially the same conditions as the 2019 LTIP. Contrary to the 2019 LTIP, the Board of Directors proposes, however, that the matching condition related to a positive total shareholder return (TSR) be replaced with a performance condition in the 2022 LTIP, according to which the total shareholder return should be at least 10 per cent during the relevant measurement period. The Board further proposes that the performance condition related to the return on capital employed should be based on an average return on capital employed for the three Paperboard, Paper and Wood products business areas instead of being measured for the whole Group.

The overall purpose of the Programme is to closely align employees' and shareholders' interests and continue to encourage a long-term commitment to Holmen when the 2019 LTIP expires. The Programme is intended to attract and retain employees who are critical to Holmen's ongoing success.

The Programme should be achievable, easy to understand, cost effective to administrate and simple to communicate.

### **A. Introduction of the Programme**

The Board of Directors proposes the introduction of the Programme in accordance with the principal conditions set out below.

- a. It is proposed that the Programme be open to no more than 80 permanent employees of the Holmen Group, who are divided into the following four groups: the Chief Executive Officer of Holmen ("**Group 1**"), the Executive Vice President of

Holmen ("**Group 2**"), no more than five Holmen Heads of Business Areas ("**Group 3**"), and no more than 73 other Key Employees of the Holmen Group ("**Group 4**"). The participants in Groups 1–4 shall be collectively referred to as the "**Participants**".

- b. To be able to participate in the Programme, employees must personally invest in Class B Holmen shares and these shares must be allocated to the Programme ("**Saving Shares**"). For each Saving Share, Participants may be allotted 0.5 Class B Holmen shares free of charge, from Holmen, from another company within the Holmen Group or from a designated third party ("**Performance Share I shares**"). Performance Share I shares shall be allotted provided that certain conditions are met regarding continuing employment and the uninterrupted holding of Saving Shares (which are described in more detail in section (i) below) and that the total shareholder return (TSR) during 2022–2024 exceeds 10 per cent ("**TSR Condition**"). Performance Share I shares shall be allotted after the expiry of a vesting period, starting on 1 June 2022 and ending on the publication date of Holmen's interim report for the first calendar quarter of 2025 (the "**Vesting Period**"). Holmen intends to notify the Participants of their participation in the Programme no later than on 28 April 2022 (although the Board of Directors has the right to postpone this date for individual Participants if there are special reasons to do so).
- c. Furthermore, the Participants may be allotted additional Class B Holmen shares free of charge from Holmen, from another company within the Holmen Group or from a designated third party ("**Performance Share II shares**"), subject to the fulfilment of certain performance conditions (as defined and described in section (d) below), after the expiry of the Vesting Period. Participants may be allotted Performance Share II shares for each Saving Share in accordance with the following:
- Participants in Group 1 may be allotted no more than six (6) Performance Share II shares;
  - Participants in Group 2 may be allotted no more than five (5) Performance Share II shares;
  - Participants in Group 3 may be allotted no more than four (4) Performance Share II shares; and
  - Participants in Group 4 may be allotted no more than three (3) Performance Share II shares.
- d. The allotment of Performance Share II shares shall depend on the degree of fulfilment of the performance condition for the Programme. The performance

condition shall be based on Programme-specific financial targets related to the average return on capital employed<sup>1</sup> for the three Paperboard, Paper and Wood products business areas for the 2022, 2023 and 2024 financial years (the “**Performance Condition**”).

The Board of Directors shall have the right to determine the detailed conditions for the allotment of Performance Share II shares. To this end, the Board shall determine minimum and maximum degrees of fulfilment of the Performance Condition. For Performance Share II shares to be allotted, the minimum level must be exceeded, and for the maximum allotment of Performance Share II shares the maximum level must be reached. Should the degree of fulfilment exceed the minimum level but fall between the minimum level and the maximum level, the Participants shall receive a linear allotment of Performance Share II shares. When the Vesting Period expires, the Board of Directors shall publish the minimum and maximum degrees of fulfilment of the Performance Condition and the levels actually achieved.

- e. The maximum value of the right to receive a Performance Share I share or a Performance Share II share shall be limited to 200 per cent of the volume-weighted average price of the Class B Holmen share during the five trading days immediately following the publication date of Holmen’s interim report for the first calendar quarter of 2022 (the “**Cap**”). Should the value of such a right (calculated based on the volume-weighted average price of the Class B Holmen share during the five trading days immediately following the publication date of the interim report for the first calendar quarter of 2025, after deduction of the dividend approved by the Annual General Meeting and with the dividend still attached) exceed the Cap, the number of Performance Share I and II shares shall be proportionally reduced. For the avoidance of doubt, after such a reduction, the value of each such right shall be equal to the Cap. This restriction ensures that the Programme’s maximum scope and cost are controlled and predictable.
- f. Each Participant may invest in Saving Shares of a value equal to no more than 10 per cent of their respective individual gross annual fixed salaries for 2022.
- g. Participants must invest in Saving Shares during the period from 29 April to 31 May 2022, although the Board of Directors has the right to extend (or postpone) the investment period.

---

<sup>1</sup> Operating profit/loss (excl. items affecting comparability) expressed as a percentage of average capital employed as defined in the annual accounts for each year.

- h. Performance Share I and II shares may normally be allotted only after the expiry of the Vesting Period.
- i. In order for a Participant to be allotted any Performance Share I or II shares, as applicable, they must have been permanently employed within the Holmen Group for the duration of the Vesting Period and have held the Saving Shares invested in for the purposes of the Programme until the expiry of the Vesting Period, subject to certain exemptions. Saving Shares disposed of before the expiry of the Vesting Period shall not be included in the calculation to determine the allotment of Performance Share I or II shares.
- j. If significant changes occur in the Holmen Group or the market, which, in the Board of Directors' opinion, make the conditions for the allotment of Performance Share II shares under the Programme unreasonable, the Board shall be entitled to make adjustments to the Programme, including, amongst other things, the right to decide to reduce the allotment of Performance Share II shares, or not to allot any Performance Share II shares at all.
- k. The Board of Directors shall be entitled to decide on the detailed terms of the Programme. As such, the Board may make adjustments to these terms that are necessary to comply with specific regulations or market conditions outside Sweden.
- l. Participation in the Programme is contingent upon such participation being legal in the relevant jurisdictions. Where, in the Board's opinion, Participants outside Sweden cannot be allotted Performance Share I or II shares at a reasonable cost or with reasonable administrative input, it shall be entitled to decide on a cash settlement for such Participants.
- m. The Programme shall comprise no more than 120,000 Class B Holmen shares (Performance Share I and II shares included).
- n. The number of Performance Share I and II shares shall be subject to recalculation to take into account any bonus issues, share splits, rights issues or dividends exceeding 5 per cent of the group's equity in respect of a certain financial year and/or other similar corporate events.

---

*Costs of the Programme, etc.*

The costs of the Programme, which are charged to the profit and loss account, are calculated according to accounting standard IFRS 2 and accrued during the Vesting Period. The calculation has been made based on the quoted closing price of the Class B Holmen share as of 15 February 2022, i.e. SEK 478 per share, and the following

assumptions: (i) an annual dividend yield of approximately 2 per cent, (ii) an estimated annual staff turnover of 5 per cent, (iii) the fulfilment of the TSR Condition, (iv) an average fulfilment of the Performance Condition of 50 per cent, and (v) a maximum total of 120,000 Performance Share I and II available for allotment. In addition to the above, the costs of the Programme have been based on a maximum of around 80 Participants in the Programme and a maximum investment by each Participant. In total, the costs of the Programme in accordance with IFRS 2 are estimated at approximately SEK 25 million excluding social security costs (SEK 45 million if the TSR Condition is fulfilled and the average fulfilment of the Performance Condition is 100 per cent). The social security costs are calculated to be approximately SEK 11 million, based on the above assumptions, and also assuming an annual increase in the share price of 10 per cent during the Programme and a social security cost tax rate of 30 per cent (SEK 19 million if the TSR Condition is fulfilled and the average fulfilment of the Performance Condition is 100 per cent).

The expected annual costs of SEK 12 million, including social security costs, are equal to approximately 0,4 per cent of the Holmen Group's total personnel costs for the 2021 financial year (0,8 per cent if the TSR Condition is fulfilled and the average fulfilment of the Performance Condition is 100 per cent).

Assuming that the Cap (which for this purpose has been calculated based on the quoted closing price of the Class B Holmen share as of 15 February 2022, i.e. SEK 956 per share) is reached and that all the Participants are entitled to an allotment of the maximum number of Performance Share I and II shares under the Programme, and remain in the Programme until the end of the Vesting Period, the maximum costs for Holmen, in accordance with IFRS 2, will amount to SEK 53 million, and the maximum social security costs will amount to SEK 34 million.

#### *Dilution*

The allotment of repurchased shares to fulfil the obligations under the Programme would result in the following dilution effects (subject to the below mentioned assumptions). Assuming the maximum allotment of Performance Share I and II shares and annual dividends that do not exceed 5 per cent of the group's equity in respect of a given financial year, the number of shares to be allotted free of charge under the Programme amounts to 120,000 Class B Holmen shares, equal to approximately 0.07 per cent of the Company's share capital and approximately 0.02 per cent of its voting rights (calculated based on the number of Holmen shares outstanding as of 15 February 2022). The effects on key ratios and earnings per share are marginal.

#### *Hedging arrangements*

The Board of Directors proposes that the Annual General Meeting resolves, as the main option, that Class B treasury shares be transferred free of charge to Participants, and that Class B treasury shares be transferred free of charge to Holmen subsidiaries, in order to



ensure the meeting of Holmen's obligation to deliver Class B shares to Participants. The Company currently holds 586,639 Class B treasury shares. The detailed terms of the Board of Directors' main option are set out in Item 15.B.1. below.

Should the majority required under Item 15.B.1. below not be reached, the Board proposes that Holmen should be able to enter into an equity swap agreement with third parties, in accordance with Item 15.B.2. below.

*Preparation of the proposal*

The proposed Programme was prepared by Holmen's Remuneration Committee with the assistance of external advisors, pursuant to the guidelines issued by Holmen's Board of Directors. The Remuneration Committee has presented the work to the Board of Directors, which subsequently resolved to propose that the Programme be adopted by the 2022 Annual General Meeting.

---

**B. Hedging arrangements in respect of the Programme**

*1. Resolution on transfers of repurchased Class B treasury shares to Participants*

The Board of Directors proposes that the Annual General Meeting resolve, as the main option, that the transferring of Class B Holmen treasury shares be permitted under the following terms.

- a) Only Class B Holmen shares may be transferred, and a maximum of 120,000 Class B Holmen shares may be transferred free of charge to Participants.
- b) The right to acquire Class B Holmen shares free of charge shall be granted to Participants, notwithstanding shareholders' preferential rights. Holmen subsidiaries shall also be entitled to acquire Class B Holmen shares free of charge, notwithstanding shareholders' preferential rights. The companies shall be obliged to immediately transfer the shares to Participants, in accordance with the Programme's terms.
- c) Class B Holmen shares shall be transferred free of charge, at the time and under the other terms according to which Participants are entitled to acquire shares.
- d) The number of Class B Holmen shares that may be transferred under the Programme shall be subject to recalculation to take into account bonus issues, share splits, rights issues, dividends exceeding 5 per cent of the group's equity in respect of a given financial year and/or other similar corporate events.

## *2. Equity swap agreement with third parties*

Should the majority required under Item 15.B.1. above not be reached, the Board of Directors proposes that the Annual General Meeting resolve that the expected financial exposure resulting from the Programme may be hedged by Holmen entering into an equity swap agreement with a third party. Such an equity swap agreement should be on arm's length terms, whereby the third party undertakes, in its own name and in exchange for a fee, to acquire and transfer Class B Holmen shares to Participants in accordance with the terms of the Programme.

### **Conditions**

The adoption by the AGM of the resolution on the Programme's introduction in accordance with Item 15.A. above is conditional upon the Meeting resolving in favour either of the proposal on the transferring of Class B treasury shares to Participants in accordance with Item 15.B.1. above, or in favour of the proposal on the entering of an equity swap agreement with third parties in accordance with Item 15.B.2. above.

### **Majority requirements**

The valid adoption by the AGM of the resolution on the Programme's introduction in accordance with Item 15.A. above requires a simple majority of the votes cast. The valid adoption of the resolution on the transferring of Class B treasury shares to Participants in accordance with Item 15.B.1. above requires the approval of shareholders representing no less than nine-tenths of the votes cast and the shares represented at the Meeting. The valid adoption of the resolution on the entering of an equity swap agreement with third parties in accordance with Item 15.B.2. above requires a simple majority of the votes cast.

### **Previous incentive programs in Holmen**

Holmen has since 2019 a three-year long-term incentive program, which is based on the same terms and conditions as the above proposed LTIP 2022 with the exceptions that the (i) matching condition related to a positive total shareholder return (TSR) is replaced with a performance condition in the 2022 LTIP, according to which the total shareholder return should be at least 10 per cent during the relevant measurement period, and (ii) the performance condition related to the return on capital employed is based on an average return on capital employed for the three Paperboard, Paper and Wood products business areas instead of being measured for the whole Group. LTIP 2019, which expires in connection with the announcement of Holmen's interim report for the first calendar quarter 2022, is further described in note 04 of Holmen's annual report for the financial year 2021.

This document is a translation of the Swedish original. In the event of discrepancies, the Swedish original shall prevail

## **Board's proposal relating to a mandate to make decisions to buy back and transfer the company's own shares**

The Board proposes that the Annual General Meeting resolve that the Board be mandated to make decisions to buy back the company's own shares in accordance with the following.

1. Shares may be acquired on one or more occasions before the 2023 Annual General Meeting.
2. Acquisitions may be made of up to so many class "B" shares that the company's holding of its own shares after the acquisitions does not at any time exceed 10 per cent of all the shares in the company.
3. The share purchases shall be transacted via Nasdaq Stockholm within the prevailing applicable range of prices (spread).

The Board further proposes that it be mandated by the Annual General Meeting to make decisions between now and the next Annual General Meeting to use the company's holding of its own shares as payment in connection with the acquisition of companies or lines of business or to finance such acquisitions, in which case the shares may also be sold via Nasdaq Stockholm. In other respects, the following conditions shall apply.

1. The mandate may be exercised on one or more occasions before the 2023 Annual General Meeting.
2. The transfer of shares may include the company's entire holding of class "B" shares at the time of the Board's decision.
3. The mandate includes the right to decide to depart from shareholders' preferential rights.
4. The transfer of shares on Nasdaq Stockholm shall take place within the prevailing applicable range of prices (spread). For share transfers outside Nasdaq Stockholm, payment will be possible in cash, with payment in kind or through offset, and the price shall correspond to an assessed market value at the time of such transfer.

The purpose of the mandates for repurchases and transfers of own shares, and the reason for deviation from shareholders' preferential rights, is to give the company the opportunity to use treasury shares to pay for or finance, without delay and in a flexible, cost-effective manner, acquisitions of companies or business operations. The purpose of this mandate to repurchase shares in the company is also to enable the Board to adjust the capital structure, thereby generating a higher value for shareholders.

A resolution in accordance with the proposal requires shareholders representing a minimum of two-thirds of both votes cast and shares represented at the Annual General Meeting to support the resolution.

Stockholm, February 2022

The Board of Directors

This document is a translation of the Swedish original. In the event of discrepancies, the Swedish original shall prevail

## **Board's statement regarding the proposal for a mandate to buy back shares in the company**

The Board proposes that during the period until the next Annual General Meeting it be mandated by the Annual General Meeting to buy back shares of Series "B" in the company to the extent that the company's holding of its own shares does not at any time exceed 10 per cent of all the shares in the company, such acquisitions being made via Nasdaq Stockholm within the from time to time applicable range of prices (spread) and in accordance with applicable rules.

The Board has established that the Group shall have a strong financial position where the net financial debt shall not exceed 25 per cent of equity. As of 31 December 2021, it amounted to 9 per cent. Based on the closing balance sheet at 31 December 2021, a buy-back of shares for an amount of up to approx. SEK 6,100 million would be included within the debt/equity ratio target. Also taking into consideration the dividend proposal, the buy-back of shares for up to around SEK 4,200 million would remain within the target as of 31 December 2021.

Holmen AB's equity at 31 December 2021 amounted to SEK 12 990 million, of which non-restricted equity was SEK 7 076 million. Assets and liabilities measured at fair value according to Chapter 4 Section 14a of the Swedish Annual Accounts Act had an impact of SEK 944 million on equity. The Group's equity at 31 December 2021 amounted to SEK 46 992 million. Complying with the IFRS, no distinction is made at Group level between restricted and non-restricted equity.

The Board considers that the proposed mandate to buy-back of the company's shares, taking into account established targets for its financial position, is justifiable in view of the demands made on the company and the Group by the nature, extent and risks associated with the business in terms of the amount of equity required, and taking into account the need for consolidation, liquidity and financial position otherwise. The financial position will still be strong after any such buy-back of its shares and it is considered to be fully adequate to enable the company to fulfil its obligations in both the short and the long term, as well as to finance such investments as may be necessary.

Stockholm, February 2022

The Board of Directors

Dagordningspunkt Agenda Item	Röster / Votes						Aktier / Shares							
	(% nedan avser andel av de på stämman avgivna rösterna) (% below refers to part of cast votes at the meeting)			(% nedan avser andel av de på stämman förebrädda aktierna) (% below refers to part of represented shares at the meeting)			Aktier för vilka röster har avgetts (antal) ("Avgivna") Shares where votes have been cast (amount) ("Cast")			Andel av det totala antalet aktier i bolaget som de Avgivna representerar (%) (Part of the total amount of shares in the company the given shares represent (%))				
	Ja (antal) Yes (amount)	Ja (%) Yes (%)	Nej (antal) No (amount)	Nej (%) No (%)	Avstår (antal) Abstain (amount)	Ja (antal) Yes (amount)	Ja (%) Yes (%)	Nej (antal) No (amount)	Nej (%) No (%)	Ja (antal) Yes (amount)	Ja (%) Yes (%)	Nej (antal) No (amount)	Nej (%) No (%)	Andel av det totala antalet aktier i bolaget som de Avgivna representerar (%) (Part of the total amount of shares in the company the given shares represent (%))
1.	505 639 506	100,000%	0	0,000%	6 671	109 970 346	99,994%	0	0,000%	109 970 346	109 970 346	0	0,000%	67,914%
2.	505 639 506	100,000%	0	0,000%	6 671	109 970 346	99,994%	0	0,000%	109 970 346	109 970 346	0	0,000%	67,914%
3.	505 639 506	100,000%	0	0,000%	6 671	109 970 346	99,994%	0	0,000%	109 970 346	109 970 346	0	0,000%	67,914%
4.	505 639 506	100,000%	0	0,000%	6 671	109 970 346	99,994%	0	0,000%	109 970 346	109 970 346	0	0,000%	67,914%
5.	505 639 506	100,000%	0	0,000%	6 671	109 970 346	99,994%	0	0,000%	109 970 346	109 970 346	0	0,000%	67,914%
7.	505 581 634	100,000%	0	0,000%	64 543	109 912 474	99,941%	0	0,000%	109 912 474	109 912 474	0	0,000%	67,878%
8.	505 611 920	99,993%	34 257	0,007%	0	109 942 760	99,969%	34 257	0,031%	109 977 017	109 977 017	0	0,000%	67,918%
9.1	500 591 243	99,999%	2 582	0,001%	5 052 352	108 247 115	98,427%	2 582	0,002%	108 249 697	108 249 697	0	0,000%	66,851%
9.2	505 385 723	99,999%	2 582	0,001%	257 872	109 716 563	99,763%	2 582	0,002%	109 719 145	109 719 145	0	0,000%	67,759%
9.3	505 585 723	99,999%	2 582	0,001%	57 872	109 916 563	99,945%	2 582	0,002%	109 919 145	109 919 145	0	0,000%	67,882%
9.4	505 585 723	99,999%	2 582	0,001%	57 872	109 916 563	99,945%	2 582	0,002%	109 919 145	109 919 145	0	0,000%	67,882%
9.5	505 585 723	99,999%	2 582	0,001%	57 872	109 916 563	99,945%	2 582	0,002%	109 919 145	109 919 145	0	0,000%	67,882%
9.6	505 585 723	99,999%	2 582	0,001%	57 872	109 916 563	99,945%	2 582	0,002%	109 919 145	109 919 145	0	0,000%	67,882%
9.7	453 870 403	99,999%	2 582	0,001%	51 779 192	102 700 771	99,384%	2 582	0,002%	102 703 353	102 703 353	0	0,000%	63,426%
9.8	505 385 723	99,999%	2 582	0,001%	257 872	109 716 563	99,763%	2 582	0,002%	109 719 145	109 719 145	0	0,000%	67,759%
9.9	505 585 723	99,999%	2 582	0,001%	57 872	109 916 563	99,945%	2 582	0,002%	109 919 145	109 919 145	0	0,000%	67,882%
9.10	505 585 723	99,999%	2 582	0,001%	57 872	109 916 563	99,945%	2 582	0,002%	109 919 145	109 919 145	0	0,000%	67,882%
9.11	505 585 723	99,999%	2 582	0,001%	57 872	109 916 563	99,945%	2 582	0,002%	109 919 145	109 919 145	0	0,000%	67,882%
9.12	505 585 723	99,999%	2 582	0,001%	57 872	109 916 563	99,945%	2 582	0,002%	109 919 145	109 919 145	0	0,000%	67,882%
10.A.	505 630 923	99,997%	15 254	0,003%	0	109 961 763	99,966%	15 254	0,014%	109 977 017	109 977 017	0	0,000%	67,918%
10.B.	505 646 177	100,000%	0	0,000%	0	109 977 017	100,000%	0	0,000%	109 977 017	109 977 017	0	0,000%	67,918%
11.A.	453 885 808	99,990%	45 049	0,010%	51 715 320	102 716 176	93,366%	45 049	0,041%	102 761 225	102 761 225	0	0,000%	65,462%
11.B.	505 646 177	100,000%	0	0,000%	0	109 977 017	100,000%	0	0,000%	109 977 017	109 977 017	0	0,000%	67,918%
12.1	497 049 536	98,301%	8 590 825	1,699%	5 816	101 405 576	92,206%	8 565 625	7,789%	109 971 201	109 971 201	0	0,000%	67,915%
12.2	494 581 155	97,851%	10 863 641	2,149%	201 381	98 937 195	89,962%	10 839 441	9,859%	109 775 636	109 775 636	0	0,000%	67,794%
12.3	502 964 017	99,470%	2 682 160	0,530%	0	107 294 857	97,581%	2 682 160	2,439%	109 977 017	109 977 017	0	0,000%	67,918%
12.4	445 967 805	98,246%	7 961 671	1,754%	51 716 701	94 823 373	86,221%	7 936 471	7,216%	102 759 844	102 759 844	0	0,000%	63,461%
12.5	500 843 543	99,065%	4 727 543	0,935%	75 091	105 199 583	95,656%	4 702 343	4,276%	109 901 926	109 901 926	0	0,000%	67,872%
12.6	500 360 562	98,955%	5 284 234	1,045%	1 381	104 716 602	95,217%	5 259 034	4,762%	109 975 636	109 975 636	0	0,000%	67,917%
12.7	497 833 384	98,459%	7 792 793	1,541%	0	102 209 424	92,957%	7 767 593	7,063%	109 977 017	109 977 017	0	0,000%	67,918%
12.8	502 110 851	99,301%	3 535 326	0,699%	0	106 441 691	96,785%	3 535 326	3,215%	109 977 017	109 977 017	0	0,000%	67,918%
12.9	505 538 162	99,979%	108 015	0,021%	0	109 866 002	99,902%	108 015	0,098%	109 977 017	109 977 017	0	0,000%	67,918%
13.1	505 646 177	100,000%	0	0,000%	0	109 977 017	100,000%	0	0,000%	109 977 017	109 977 017	0	0,000%	67,918%

Dagordningspunkt Agenda Item	Röster / Votes						Aktier / Shares					
	(% nedan avser andel av de på stämman avgivna rösterna) (% below refers to part of cast votes at the meeting)			(% nedan avser andel av de på stämman företrädda aktierna) (% below refers to part of represented shares at the meeting)			Aktier för vilka röster har avgetts (antal) ("Avgivna") Shares where votes have been cast (amount) ("Cast")			Andel av det totala antalet aktier i bolaget som de Avgivna representerar. (%) (Part of the total amount of shares in the company the given shares represent. (%))		
	Ja (antal) Yes (amount)	Ja (%) Yes (%)	Nej (antal) No (amount)	Nej (%) No (%)	Avstår (antal) Abstain (amount)		Ja (antal) Yes (amount)	Ja (%) Yes (%)	Nej (antal) No (amount)	Nej (%) No (%)		
14.	505 034 848	99,879%	611 329	0,121%	0	109 365 688	99,444%	611 329	0,556%	109 977 017	67,918%	
15.1	504 917 037	99,876%	627 761	0,124%	101 379	109 247 877	99,337%	627 761	0,571%	109 875 638	67,856%	
15.2	488 391 332	98,580%	7 179 754	1,420%	75 091	102 747 372	93,426%	7 154 554	6,505%	109 901 926	67,872%	
16.	505 534 520	99,979%	107 195	0,021%	4 462	109 865 360	99,898%	107 195	0,097%	109 972 555	67,915%	