

# CORPORATE GOVERNANCE REPORT

Nordic paper's vision is to be the natural leader in speciality paper based on our values of responsibility, respect, collaboration and development. The Company offers efficient and environmentally responsible products and solutions in kraft paper and natural greaseproof paper. Our operations are based on clear goals relating to growth, profitability and returns, while their are express demands on Nordic Paper to behave in a way that is sustainable for its owners, employees, customers, suppliers and other stakeholders.

The framework governing the Company's actions is determined by legislation and regulations such as the Swedish Companies Act, the Annual Accounts Act, stock market regulations and the Swedish Corporate Governance Code (the Code). These are complemented by the Company's business principles relating to a sustainable working environment, sustainable business conduct and responsible production.

Furthermore, corporate governance is effected through internal regulations and guidelines specified in control documents such as the Board of Director's and CEO's Rules of Procedure and policies, and other processes for control and risk management.

This Corporate Governance Report is intended to describe the existing framework, the division of responsibilities and the interaction between the Annual General Meeting, the Board of Directors and the CEO. This report has been reviewed by the Company's Auditors.

Nordic Paper Holding AB is a Swedish public limited company and has been listed on Nasdaq Stockholm since October 2020. The preparation of a Corporate Governance Report is a requirement under the Annual Accounts Act. The Corporate Governance Report complies with the rules and recommendations in the Swedish Corporate Governance Code.

Nordic Paper has applied the Code since the Annual General Meeting on 12 March 2020, and this Corporate Governance Report has been prepared to present the Company's application of the Code from that date. There were no departures from the Code in the period. No breaches of applicable stock market regulations or good stock market practice by Nordic Paper were reported by Nasdaq Stockholm's Disciplinary Committee or the Swedish Securities Council in 2020.

## SHAREHOLDERS

Nordic Paper Holding AB had 2,674 shareholders as of 31 December 2020. Swedish private investors were the largest segment, comprising 2,459 shareholders. The largest owner, with 48,16% of the shares as well as votes, at year end was Sutriv Holding AB (corp. ID no. 556056-8817) with its registered office in Stockholm, Sweden. After Sutriv Holding AB, the three largest owners were AMF Pensionsförsäkring AB with 9,71%, Swedbank Robur with 9,40% and Ålandsbanken with 4,10%. Sutriv Holding AB is 100% owned by Shanying International Holding Co. Ltd, which is listed on the Shanghai Stock Exchange.

Nordic Paper's employees do not hold any shares in the Company through pension trusts etc. There is no limitation to the number of votes a shareholder can submit at the AGM. More information about the share and ownership structure can be found on page 100.

## ANNUAL GENERAL MEETING

The Notice convening the AGM is published no earlier than six weeks and no later than four weeks prior to the AGM. The Notice includes

- a) information about registration and the right to vote and participate in the AGM,
- b) agenda detailing the matters to be addressed at the AGM,
- c) information about proposed dividend and the main content of other proposals.

Shareholders or representatives can vote on behalf of the full number of shares held or represented. Registration of the intention to participate in the AGM can be made by post or at nordic-paper.se.

The AGM will be held on 20 May 2021 in Karlstad, Sweden, as announced on 28 October 2020.

## NOMINATION COMMITTEE

The Extraordinary General Meeting on 20 August 2020 adopted the instruction for the Nomination Committee, which states that the Committee shall be composed of representatives of each of the four largest shareholders in terms of votes as of 31 October 2020. Ahead of the 2021 AGM, Nordic Paper's Nomination Committee comprises the following members: Andreas Kihlblom, Sutriv Holding AB (Chairman), Patricia Hedelius, AMF, Caroline Sjösten, Swedbank Robur and Lars Söderfjell, Ålandsbanken.

The Nomination Committee's task is to propose Board members, the Chairman, Directors' fees, Audit fees and, where applicable, the Auditor. The proposals are presented in the Notice convening the AGM.

The Nomination Committee shall apply rule 4.1 of the Swedish Corporate Governance Code (the Code) as a diversity policy when proposing the Board of Directors. This means that the Board shall have a composition that is expedient, diversified and broad in terms of the members' competences, experience and background, and with due consideration given to the Company's operations, stage of

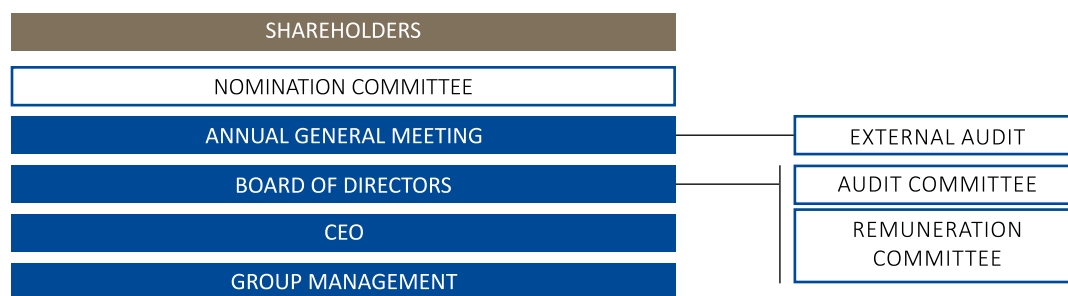
development and general conditions. The Company seeks to ensure an even gender distribution. The Nomination Committee considers the policy when proposing Board members. More information about the work of the Nomination Committee will be presented at the AGM 2021. The Nomination Committee will announce its proposals ahead of the AGM.

## BOARD MEETINGS

After the Annual General Meeting on 12 March 2020, the Board held 23 meetings, of which one was held in connection with the publication of the quarterly report. The unusually large number of meetings was the result of the work associated with the Company's listing on Nasdaq Stockholm in 2020.

One meeting was dedicated to reviewing strategic issues and the Group's budget for 2020. In addition, the Board focused on strategic, financial and accounting matters, following up operations, potential changes to pulp production in Säffle and the planned expansion of the plant in Bäckhammar, and other major investments. Furthermore, the board has addressed risk issues and questions relating to the Company's internal control.

The Company's Auditors presented their review of the Company's financial statements and internal control to the Board of Directors on two occasions.



Nordic Paper's Corporate Governance structure

## THE BOARD'S WORK

The Board of Directors is the second-highest decision making body of the Company after the shareholders' meeting. According to the Swedish Companies Act, the Board of Directors is responsible for the organisation of the Company and the management of the Company's affairs, which means that the Board is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of set targets, continuously assessing the Company's results of operations and financial position as well as evaluating the operational management.

The Board's work follows a plan that includes ensuring that the Board receives all the requisite information needed to carry out its work. Each year, the Board determines written Rules of Procedure and written instructions regarding the division of responsibilities between the Board and the CEO, and the information to be presented to the Board on an ongoing basis regarding financial performance and other important events. Company employees participate in, and report on, Board meetings.

In order to improve the Board's work, an annual survey containing relevant questions regarding the Board's work is presented to Board members, where improvements can be suggested. The CEO is also

subject to annual evaluation in the form of interviews. The answers are presented and discussed at a Board meeting. The results of the 2020 evaluation form the basis for planning the Board's work for the coming year.

The Chairman reported the results of the evaluation to the Nomination Committee.

## Chairman of the Board

The Chairman leads the Board's work so that it is carried out in accordance with applicable legislation and regulations, the Code and the Board's Rules of Procedure. The Chairman shall also ensure that the work is well organised, effective and that the Board executes its tasks.

In dialogue with the CEO, the Chairman monitors operational progress and is responsible for ensuring that other Board members are kept continuously updated so that the Board's work can be carried out effectively. Alongside the CEO, the Chairman also approves the proposed agenda for Board meetings. The Chairman is responsible for evaluating the Board's work and ensures that Board decisions are executed, and acts as the Company's representative on matters relating to shareholders.

## Board composition

Board members are elected annually by the AGM for the period until the next AGM has been held. According to the Articles of Association, the Board shall be comprised of three to ten members without deputies. The Articles of Association do not contain any other regulations regarding the appointment or dismissal of Board members, changes to the Articles of Association or limitations to the period a Director may serve on the Board.

The AGM 2020 resolved to re-elect Board members Per Bjurbom, Ying Che och Stefan Lundin. Karin Eliasson, Helene Willberg and Arne Wallin were elected new members. Per Bjurbom was re-elected Chairman.

In addition to the six Board members elected by the AGM, local employee organisations are entitled to appoint two members and two deputies. Of the six Board members elected by the AGM, four are considered to be independent of the Company and three are considered to be independent of the owners according to the definitions stipulated by the Code.

No Board members, with the exception of employee representatives, work in executive roles in the Company. More information about the Board members can be found on page 59.

## BOARD MEMBERS ELECTED AT THE ANNUAL GENERAL MEETING 2020

Board members	Elected	Role	Independent in relation to			
			Company and management	Major shareholders	Audit Committee	Remuneration Committee
Per Bjurbom	2019	Chairman of the Board	No <sup>2)</sup>	No <sup>3)</sup>	–	–
Karin Eliasson	2020	Board member	Yes	Yes	–	Chairman
Helene Willberg	2020	Board member	Yes	Yes	Chairman	–
Arne Wallin	2020	Board member	Yes	Yes	–	Member
Ying Che	2019	Board member	Yes	No <sup>3)</sup>	Member	–
Stefan Lundin	2019	Board member	No <sup>2)</sup>	No <sup>3)</sup>	Member	–
Per Gustafsson <sup>1)</sup>	2013	Board member	–	–	–	–
Tommy Hedlund <sup>1)</sup>	2015	Board member	–	–	–	–
Niclas Backelin <sup>1)</sup>	2013	Deputy board member	–	–	–	–
Tom Röd <sup>1)</sup>	2019	Deputy board member	–	–	–	–

1) Employee representative

2) Employed by Nordic Paper in the last three years

3) Employed by Sutriv Holding

## BOARD COMMITTEES

The Board has established two Committees with the aim of rationalising and improving the Board's work on specific issues: the Remuneration Committee and the Audit Committee. Committee members are appointed for a period of one year at the statutory Meeting following election, and the work and the Committees' decision-making authority are governed by annually determined Committee instructions, which are reviewed and approved each year. The Committees have a preparatory and administrative role. Questions raised at Committee meetings are documented in Minutes and reported at the following Board meeting, where a decision is made (where applicable).

### Audit Committee

Nordic Paper's Audit Committee has three members: Helene Willberg (Chairman), Stefan Lundin and Ying Che. The Audit Committee shall, without affecting the responsibilities and tasks of the Board of Directors, monitor the Company's financial reporting, monitor the

effectiveness of the Company's internal control and risk management, keep informed of the auditing of the Annual Report and the Consolidated Financial Statements, review and monitor the impartiality and independence of the Auditors and pay close attention to whether the Auditors provide other services besides Audit services for the Company, and assist in the preparation of proposals for the Annual General Meeting's decision on the election of auditors.

### The Audit Committee's work in 2020

The Audit Committee held ten meetings in 2020. During the year, the Committee addressed various accounting matters, focusing on preparations ahead of listing of the Company's shares on Nasdaq Stockholm, external Audit planning for 2020, enterprise risk management, internal control, financing, currency hedging and tax issues. The Chairman of the Audit Committee regularly reports to the Board on matters raised at Committee meetings.

## Remuneration Committee

The principal task of the Remuneration Committee is to prepare Board decisions relating to remuneration principles, remuneration and other remuneration-related employment terms for Group management.

The Committee shall follow and evaluate the application of guidelines for remuneration to senior executives, remuneration structures and remuneration levels. The Committee proposes the overarching policy relating to salaries, remuneration and other employment benefits in Nordic Paper, guidelines for remuneration to senior executives, and approves the CEO's proposals for salaries and remuneration to Group management.

The Committee also presents proposals to the Board, which determines salary and remuneration to the CEO. The Remuneration Committee consists of Karin Eliasson (Chairman) and Arne Wallin.

## Remuneration Committee work in 2020

The remuneration committee held eight meetings in 2020. During the year, the Remuneration Committee addressed matters relating to remuneration and other employment terms for the CEO and other senior executives.

The Remuneration Committee has evaluated the application of the policy and the guidelines established by the AGM for remuneration to senior executives. More information about remuneration in the Group can be found in the *Remuneration Report* and in Note 9 on pages 85-86.

## GROUP MANAGEMENT

The Board has delegated operational responsibility for the Company's and Group's management to the CEO. Instructions relating to the division of responsibilities between the Board and CEO are determined annually by the Board. Nordic Paper's Group management comprises the Company's CEO plus nine senior executives. Information relating to the CEO and other Group management can be found on page 60.

## ATTENDANCE AND REMUNERATION

Board member	Elected	Role	Audit Committee	Remuneration Committee	Attendance at Board meetings			Yearly remuneration agreed at the AGM, SEK'000	
					Board of Directors	Audit Committee	Remuneration Committee		Committee work
Per Bjurbom	2019	Chairman of the Board			23/23			550	
Karin Eliasson	2020	Board member		Chairman	23/23		8/8	300	50
Helene Willberg	2020	Board member	Chairman		23/23	10/10		300	150
Arne Wallin	2020	Board member		Member	23/23		8/8	300	25
Ying Che	2019	Board member	Member		23/23	10/10		300	75
Stefan Lundin	2019	Board member	Member		23/23	10/10		300	75
Per Gustafsson <sup>1)</sup>	2013	Board member							
Tommy Hedlund <sup>1)</sup>	2015	Board member							
Niclas Backelin <sup>1)</sup>	2013	Deputy board member							
Tom Röd <sup>1)</sup>	2019	Deputy board member							

1) Employee representative

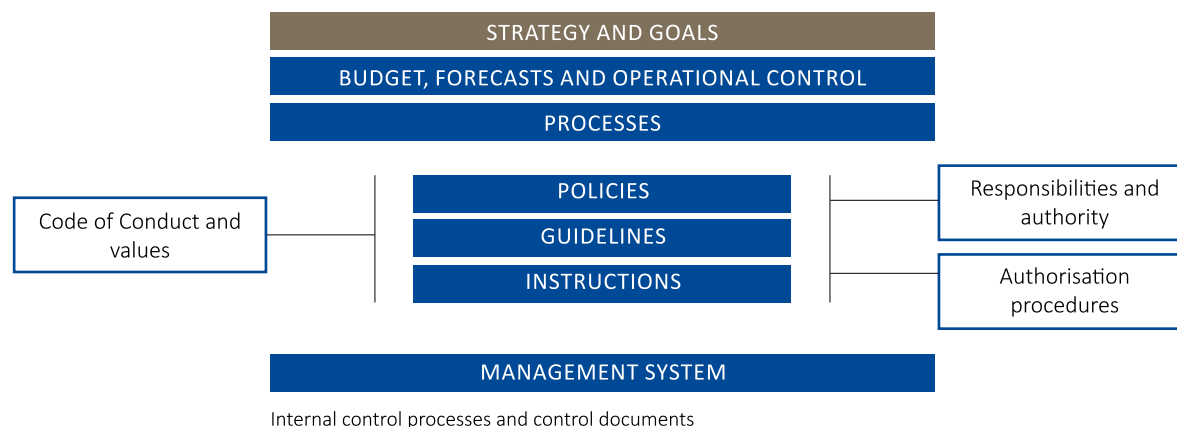
## EXTERNAL AUDIT

The task of the external Auditor is to review the Group's Annual Report and Sustainability Report and the accounts, the Consolidated Financial Statements and the most important subsidiaries, as well as the Board's and CEO's administration. After the end of each financial year, the Auditor shall submit an Audit Report to the Annual General Meeting. The Auditor in Charge participates in all Audit Committee meetings and presents the annual Audit Report to the Board. In this meeting, the Board consults with the Auditor without management present.

The AGM 2020 appointed Audit firm PricewaterhouseCoopers as

the Company's external Auditor for the period until the AGM 2021 in accordance with the Nomination Committee's proposal. Martin Johansson is Auditor in Charge. PricewaterhouseCoopers has been the Company's Auditor since 2017.

Since its listing on Nasdaq Stockholm, Nordic Paper has only consulted with PwC to a limited extent in addition to the Audit assignment. Remuneration to PwC for 2020 can be found in Note 8 on page 85. PwC are required to test their independence ahead of decisions to provide independent advice to Nordic Paper in addition to the Audit assignment.



### INTERNAL CONTROL PROCESSES

Each business area's strategy is reviewed annually, including operational goals. The strategy is presented to the Board and provides the basis for expectations on the operational units in each area.

On the basis of these expectations, each unit identifies targets and success factors associated with achieving the goals. The success factors are linked to key performance indicators that measure and demonstrate progress. The strategic review also forms the foundation for the budget, which determines decisions regarding the distribution of resources and goals for the coming year. Internal reporting to ensure continuous follow-up enables the operations to determine relevant priorities so that set targets can be achieved.

#### Code of Conduct

Nordic Paper's Code of Conduct provides guidance in the daily work and clarifies the expectations placed on employees. Nordic Paper Holding's operations shall be characterised by responsible behaviour with regard to internal and external stakeholders.

The Code of Conduct for suppliers includes business ethics, anti-corruption measures, human rights, health and safety, work environment, and environmental considerations. Based on respect for human rights, Nordic Paper strives to ensure a working climate that is founded on the equal value of all human beings.

All employees shall enjoy the same rights, obligations and opportunities regardless of gender, transgender identity or expression, ethnicity, religion or other beliefs, functional impairment, sexual orientation and age.

#### Policies

Nordic Paper adopts Board-authorized policies, guidelines and Group instructions that clarify how employees shall behave in basic and key areas.

The Group's ten policies address areas such as expectations on employee and management behaviour, establishes the framework for management by objectives, competence supply, collaboration between trade union organisations, equal opportunities and employment terms. The policies also cover a HSEQ matters, anti-corruption measures and competition, and maintaining good business practice

in relations with external contacts on the Company's various markets.

Employees working in roles where there is risk of being exposed to prohibited behaviour receive special training in business ethics. The policies stipulate that raw materials shall be used effectively and environmental impact be minimised, and that continuous improvements shall be sought. Financial risks shall be managed centrally and be characterised by low risk.

The policies shall also ensure that the Company's assets are managed in accordance with the Group's rules, that the risk of errors in the financial reporting is minimised, and that irregularities are prevented. Group purchasing shall contribute to long term profitability. Sustainable sales of raw materials, products and services shall be assured in the short and long term. Communication shall be accurate, transparent and accessible and comply with legal requirements and business confidentiality.

#### THE COMPANY'S 10 POLICIES COMPRISE:

- Corporate Governance policy
- Finance policy
- Insider policy
- Communication policy
- HSEQ policy
- Environmental policy
- HR policy
- Information security policy
- IT and digitalisation policy
- Policy for transactions with related parties

#### Compliance

Nordic Paper's Code of Conduct, policies and values are included in each employee's induction training and are restated by managers at employee meetings. Compliance is monitored through employee surveys and performance reviews, salary charting, safety statistics and auditing of the organisational and social working environment. Any breaches or cases of unsatisfactory corporate culture are handled on a case-by-case basis.



### Whistle blower service

Nordic Paper seeks to maintain an open business climate with high business ethics. This is governed by our Code of Conduct, as well as policies and guidelines. All the people affected by our operations should feel safe and be treated with respect.

In September 2020, we introduced a whistleblower function provided by an external party – WhistleB. Any employee can use the whistleblower service if he or she suspects a case of serious misconduct has taken place. The whistleblower service is an early warning system aimed at minimising risk, but also increasing the safety of our employees.

### BOARD REPORT ON INTERNAL CONTROL OF FINANCIAL REPORTING

This section has been prepared in accordance with the Code and the Annual Accounts Act and describes the Company's internal control and risk management regarding financial reporting. The purpose is to provide owners and other stakeholders with insight into how internal control of financial reporting is organised in Nordic Paper.

#### Internal control of financial reporting

The Board's responsibility for internal control and financial reporting is governed by the Swedish Companies Act and the Swedish Corporate Governance Code. According to the Code, it is the Board's responsibility to ensure that the Company is run in a sustainable and responsible manner. Ongoing responsibility for these matters has been delegated to the CEO.

#### Objective and structure

The objective of internal control is to ensure that Nordic Paper Holding maintains reliable and accurate financial reporting, that the Company's and the Group's financial reporting is prepared in accordance with applicable laws and accounting standards, that the Company's assets are protected and that other requirements are met. The internal control system is also intended to monitor compliance with the Company's and the Group's policies, principles and instructions. Internal control also includes risk analysis. The Group identifies, assesses and manages risks based on the Group's vision and goals.

The Finance Department coordinates and monitors the process for internal control in relation to financial reporting. The Company's framework is based on the framework for internal control produced by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The work mainly follows COSO's framework for internal control in financial reporting. The framework consists of five basic elements: control environment, risk assessment, control activities, information and communication and follow up and evaluation. The framework has been adapted to Nordic Paper Holding's various operations.

### THE FRAMEWORK CONSISTS OF FIVE BASIC ELEMENTS:

- control environment,
- risk assessment,
- control activities,
- information and communication, and
- follow-up and evaluation

**CONTROL ENVIRONMENT** A good control environment comprises the foundation for the effectiveness of a company's internal control systems. A good control environment is based on an organisation with clear decision paths and where authorities and responsibility is distributed through control documents and a corporate culture based on shared values.

The Board's Rules of Procedure and the instruction to the CEO determine the distribution of roles and responsibilities to ensure efficient control and management of operational risks. The Board has also determined a number of fundamental policies and control documents that are significant to maintaining efficient internal control, such as finance policy, IT policy and communication policy. In addition, management has determined guidelines and instructions that contribute to making individual employees conscious of their role in maintaining good internal control. These documents shall also ensure that financial reporting complies with the laws and rules that apply to companies listed on Nasdaq Stockholm, as well as local regulations in the countries where the Company has operations.

**RISK ASSESSMENT** Financial reporting risks are assessed annually and control activities are improved or introduced. The work associated with risk assessments is aimed at identifying and evaluating risks that could mean that the Group's goals for financial reporting are not met. The results of this work are compiled and evaluated under management of the Finance Department, and reported to the Audit Committee and Board. For a description of the Group's risks and risk management, see the section *Risks and Risk Management* on page 61.

**CONTROL ACTIVITIES** To ensure that Nordic Paper Holding's goals for financial reporting are met, control requirements are embedded in the processes that are judged to be relevant: sales, purchasing, investments, HR, financial statements, payments and IT. Control activities are aimed at preventing, discovering and correcting errors and discrepancies.

Control activities are carried out at all levels in Nordic Paper and in various stages of business processes.

**INFORMATION AND COMMUNICATION** Nordic Paper regularly presents financial information in the form of Annual Reports, Interim Reports, press releases and announcements on the Company's website. Efficient and accurate information dissemination, internally and externally, is key to ensuring complete, accurate and timely financial reporting. The Company's rules, guidelines and manuals are communicated through various internal channels.

The Group's finance department has direct operational responsibility for ongoing financial reporting and the application of the Group's guidelines, principles and instructions governing financial reporting. Operational units regularly present financial and operational reports to Group management, which in turn reports to the Board through the CEO. The communication policy and associated guidelines aims to safeguard that external communication is accurate, relevant, transparent and reliable, and otherwise satisfies the demands placed on Nordic Paper as a company listed on Nasdaq Stockholm.

**FOLLOW UP AND EVALUATION** The Group's departments performs self-evaluations, adopted to the business, where it is clear which control requirements that are valid for each process and to safeguard that the controls are appropriate and effective. The results of the self-evaluation is followed up continuously and any discrepancies are reported to management and the CEO on a quarterly basis. The self-evaluation is tested for accuracy.

Reporting regarding the self-evaluation of internal control and regarding financial reporting is made to the Group management once per year. This reporting identifies any shortcomings in internal control and measures taken to address the shortcomings.

Follow-up is an important tool for identifying potential shortcomings in the Group, and to address these by introducing new control requirements.

#### Statement on internal audit

Nordic Paper does not have an internal audit function at present. The Board has considered the issue and judged that existing structures for follow up and evaluation provide satisfactory documentation, and that there is no operational or other reason in the business to justify the establishment of an internal audit function. The Group's existing work relating to internal control is judged to be satisfactory.



# AUDITOR'S REPORT

To the general meeting of the shareholders of Nordic Paper Holding AB (publ), corporate identity number 556914-1913

Unofficial translation

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### OPINIONS

We have audited the annual accounts and consolidated accounts of Nordic Paper Holding AB (publ) for the year 2020 except for the corporate governance statement on pages 50-56. The annual accounts and consolidated accounts of the company are included on pages 46-96 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 50-56. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### OUR AUDIT APPROACH

#### Audit scope

We designed our audit by determining materiality and assessing the

risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Nordic Paper Group manufactures and sells various types of paper goods and comprises the Parent Company and its four subsidiaries. Two operating segments have been identified in Nordic Paper's business – Kraft Paper and Greaseproof Paper. For the Group audit, we have selected the Parent Company and two subsidiaries, which represent two operating segments with 100% coverage of the Group's sales.

The Parent Company's shares have been listed on Nasdaq Stockholm since 12 October 2020 and, accordingly, we audited the interim report for the third quarter. We report our observations to the Audit Committee in conjunction with our audits and we sign an external audit report for the third quarter. In addition to the above, our audit of Nordic Paper's financial statements contained a review of the company's procedures, processes and internal controls of the financial reporting, analytical review of financial information and a detailed examination of the accounting documentation.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.



## KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These mat-

ters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Cut-off and accuracy in revenue recognition

Accuracy in terms of ensuring the correct amounts and reporting in the correct periods are of core importance in terms of revenue. The manner in which correctness and allocation of amounts are addressed in the Group's revenue recognition comprised a key audit matter in our audit due to many different types of freight terms being applied within the Group, entailing that revenue recognition may differ between various transactions depending on the underlying freight terms for delivery.

For this reason, a special follow up is required of sales transactions with freight terms that entail that delivery is determined as occurring at a different time than in connection with the outbound delivery from the plant or warehouse.

Given the large volume of transactions conducted and that automatic bookkeeping occurs for the outbound delivery of goods, this can have a major impact on revenue recognition, which requires particular attention from the company's management.

### How our audit addressed the key audit matter

The most significant areas of focus in our audit comprised, though not limited to, the following:

- Detailed reviews together with management aimed at understanding the market, customers and business model.
- Auditing of procedures and processes to assess the application of policies for the recognition of sales transactions with different freight terms.
- Auditing of the automatic management of the company's revenue recognition that occurs in connection with outbound delivery from the system.
- Automatic auditing methods to ensure the correctness of the revenue recognition from delivery to invoicing. Testing of internal control in relation to the recognition and follow-up of the cut-off of sales revenues.
- Review and follow-up of material contracts.
- Review of notes and assessment of accounting policies concerning revenue recognition.

See also Note 2 – Accounting policies

## OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-45 and 50-56. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accord-

ance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

## AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Nordic Paper Holding AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

### BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby

our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 50-56 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Nordic Paper Holding AB (publ) by the general meeting of the shareholders on the 12 March 2020 and has been the company's auditor since the company was listed in 2020.

Stockholm 15 April 2021

Öhrlings PricewaterhouseCoopers AB

Martin Johansson

*Authorized Public Accountant*