

Guidelines for Remuneration

Introduction

These guidelines concern the remuneration for the Chief Executive Officer (“CEO”) and other members of Nordic Papers Senior Management (“Management”). The guidelines are forward-looking, i.e., they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Extraordinary General Meeting held 20 August 2020. The guidelines do not apply to any remuneration resolved by the General Meeting such as long-term variable programs.

Principles for remuneration

The remuneration and the other terms of employment of the CEO and Management shall be competitive so that Nordic Paper can attract, engage and retain competent Management, which is a prerequisite for the successful implementation of the Company’s business strategy and safeguarding of its long-term interests, including its sustainability. In addition, total remuneration offered should be market-relevant and provide a shared responsibility among members of Management for overall Company results which is aligned with the interests of the Company’s shareholders.

Total Remuneration

The total remuneration for the CEO and Management shall be market competitive in the country in which the individual is placed. The total remuneration shall consist of fixed cash base salary, variable cash remuneration under incentive schemes, pension benefits and other benefits. Additionally, the General Meeting may – irrespective of these guidelines – resolve on share or share price-related remuneration as well as other forms of remuneration without limitation.

Fixed cash salaries

The fixed cash base salaries of the CEO and Management shall be reviewed every year. In setting and reviewing fixed cash base salaries, the impact on total remuneration, including pensions as well as local markets pay levels, preferably for a relevant peer-group of companies, shall be taken into consideration. Salary increases (as a % of existing fixed cash base salary) would normally be in line with the external market practices, employees in relevant locations, positions and the performance of the individual.

Variable cash remuneration

Variable cash remuneration under annual incentive schemes shall be linked to predetermined and measurable criteria relating to the Company, devised to promote the value creation of the Company and strengthen the link between achieved performance targets and reward.

The criteria for incentive schemes shall be determined by the Board of Directors annually and shall be designed so as to contribute to the Company’s business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the individual’s long-term development. To which extent the criteria for awarding

variable cash remuneration has been satisfied shall be measured over a period of one year and shall be evaluated when the measurement period has ended.

The annual variable cash remuneration shall be capped and the maximum payout may not exceed 30 percent of the fixed cash base salary for Management and 50 percent for the CEO.

The Board of Directors shall have the right in their discretion to deny, in whole or in part, the entitlement of an individual to the variable cash payout in case an individual has acted in breach of Nordic Papers Code of Conduct, to reclaim variable cash remuneration paid to an individual on incorrect grounds such as restatement of financial results due to incorrect financial reporting, noncompliance with a financial reporting requirement etc.

Pensions and Other Benefits

Nordic Paper is endeavoring to move gradually towards defined-contribution solutions, which entail that Nordic Paper pays contributions that represent a specific percentage of the employee's salary. Pension benefits shall be defined contribution plans and entitle pension from age 65 unless the individual concerned is subject to defined benefit pension plan under mandatory collective agreement provisions or mandatory local regulations. The CEO has a defined-contribution pension with a premium capped at 40 percent of the fixed annual base salary. Variable cash remuneration shall not qualify for pension benefits, except when it follows from rules under a general pension plan (like the Swedish ITP plan).

Other benefits may include, for example, life insurance, medical insurance and company cars. Such benefits shall be capped at 15 percent of the fixed annual cash base salary.

Employment termination conditions

The period of notice of employment termination for the CEO and Management is six (6) months if employment is terminated by the company, and six (6) months if terminated by the Employee. In addition, a severance pay of maximum twelve (12) months of fixed cash base salary to the CEO and maximum six (6) months to member of Management may be paid in the event of termination of employment by the company.

The CEO and Management of the Company shall be covered by a Non-Competition clause with legal force of six (6) months after the termination of employment, as well as non-solicitation of relevant parties for the same period. The Company may unilaterally waive the Non-Competition Covenant in its sole discretion. As consideration for the non-compete restriction, the individual shall be entitled to remuneration of 60 percent of the monthly remuneration for the CEO (calculated on fixed cash base salary and variable pay) and 75 percent for the management (calculated on fixed cash base salary).

Remuneration to Board members in addition to Board fees

Board Members, elected at General Meetings, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

The decision-making process

The Board of Directors has established a Remuneration Committee. The Committee shall prepare the Board's decision on issues concerning principles for remuneration and other terms of employment for the CEO and Management. The Committee shall also monitor and evaluate programs for variable remuneration for the Management, the applications of the guidelines for remuneration as well as the current remuneration structures and compensations levels in the

Company. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. These guidelines shall be in force until new guidelines are adopted by the General Meeting. The members of the Remuneration Committee are independent of the Company and its Management. The CEO and other members of the Management do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Nordic Paper AB believe that it is their responsibility to use discretion and make informed judgments as to individual remuneration packages or pay levels that may occasionally deviate above or below our target pay strategy, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability and may be based on such factors as:

- Individual performance and potential relative to market.
- Long-term succession planning and talent management.
- Business conditions in our industry or the market overall as well as business or regulatory conditions in the senior managers area of responsibility.
- Cases where individuals are asked to step into new roles and responsibilities for specific projects or strategic initiatives.

Salary and employment conditions for employees

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been considered by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.