

REMUNERATION REPORT 2022

INTRODUCTION

This report describes how the guidelines for executive remuneration of Nordic Paper Holding AB, adopted by the annual general meeting 2020, were implemented in 2021 and upheld during 2022. The report also provides information on the remuneration to the CEO including short- and long-term incentive programs valid for this period.

The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board. Further information on executive remuneration is available in note 9 (*Employees and Personnel Costs*) on pages 106-108 in the Annual Report 2022. Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 9 on page 107 in the Annual Report 2022.

KEY DEVELOPMENTS 2022

The overall performance of the company is summarized in the *Director's Report*.

THE COMPANY'S REMUNERATION GUIDELINES: SCOPE, PURPOSE AND DEVIATIONS

A prerequisite for the successful implementation of Nordic Paper's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, a market competitive total remuneration is of importance. Nordic Paper's remuneration guidelines enable the company to offer the executives a competitive total remuneration.

Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash base salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration 2022 is linked to Nordic Papers financial result.

The remuneration guidelines are found on pages 80-81 in the Annual Report 2022. During 2022, the company has complied with the applicable remuneration guidelines adopted by the general meeting.

No remuneration has been reclaimed.

REMUNERATION 2022

TABLE 1 TOTAL CEO REMUNERATION IN 2022 (kSEK) ¹⁾

Name and position	Financial year	FIXED REMUNERATION		VARIABLE REMUNERATION		EXTRA-ORDINARY ITEMS	PENSION EXPENSE ⁴⁾	TOTAL REMUNERATION	PROPORTION OF FIXED AND VARIABLE REMUNERATION
		Base salary ²⁾	Other benefits ³⁾	One-year variable	Multi-year variable				
Anita Sjölander (CEO)	2022	3,209.6	96.6	848.6	N/A	N/A	963.5	5,118.3	83/17

¹⁾ The table reports remuneration earned in 2022. Disbursement of any payments may or may not have been made the same year.

²⁾ Including vacation pay.

³⁾ Other benefits such as company car and private health care.

⁴⁾ Pension expense, which in its entirety relates to base salary and is premium defined, has been counted entirely as fixed remuneration.

SHARE-BASED REMUNERATION

In 2022 a Long Term Incentive Program (LTI) was established following a decision at the Annual General Meeting 2022. The purpose of the LTI 2022 is to incentivise the Executive Management with Shareholder interest and long term development of the company.

The LTI 2022 consists of a warrants program where the Executive Management has been given the opportunity to invest in the company through the purchase of warrants. The AGM provided the opportunity to offer a maximum of 600,000 warrants whereof 584,000 were ultimately issued. Based on the original scope of 600,000 warrants set by the AGM, the maximum dilution would be about 0.89 %.

The CEO was offered and acquired 140,000 warrants and six other members of the Executive Management acquired 74,000 warrants each.

APPLICATION OF PERFORMANCE CRITERIA

The performance criteria for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage

behavior which is in the long-term interest of the company. In the selection of performance criteria, the strategic objectives, short and long-term priorities for 2022 have been taken into account.

The price of the warrants was based on strict market price and calculated using the Black-Scholes valuation formulae set to 120 % of the average stock price over the ten trading days directly preceding the offer to subscribe the warrants.

The warrants were ultimately priced at SEK 1.55 each. The warrants can be exercised following the release of the Q3 or Q4 interim report in 2025 yielding a vesting time of at least three years. The warrants are capped at 170 % outcome which limits the participants maximum outcome of the warrants. Furthermore the company has partly subsidized the participants acquisitions of the warrants. The subsidy consists of 50 % of the net investment, subject to the participant remaining an employee of the company until the time the warrants first being eligible to be exercised. The total cost of the subsidy based on warrant price of SEK 1.55 and an individual income margin tax of 55 % is calculated to SEK 1.3 Million.

TABLE 2 PERFORMANCE OF THE CEO IN THE REPORTED FINANCIAL YEAR 2022

Name and position	Description of the criteria to the remuneration component	Relative weighting of the performance criteria	Measured performance	Actual remuneration outcome
Anita Sjölander (CEO)	EBITDA	60 %	45 %	344 kSEK
	Net sales growth (organic)	40 %	100 %	505 kSEK

COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE

TABLE 3 CHANGE OF CASH & BENEFIT REMUNERATION AND COMPANY PERFORMANCE OVER THE LAST FIVE REPORTED FINANCIAL YEARS (RFY)-COMPARISON WITH SENIOR MANAGEMENT TEAM AND ALL EMPLOYEES IN SWEDISH COMPANIES (Nordic Paper Bäckhammar AB, Nordic Paper Seffle AB and Nordic Paper Åmotfors AB) ^{1) 2)}

Index set 2020=100

	RFY 2018	RFY 2019	RFY 2020	RFY 2021	RFY 2022
Chief Executive Officer Cash Remuneration	NA	NA	100 %	142.6	151.6
Remuneration distribution	N/A	N/A			
• Base Salary			82 %	79 %	77 %
• Short Term Incentive			0 %	19 %	20 %
• Long Term Incentive			0 %	0 %	0 %
• Extra Ordinary Items			14 %	0 %	0 %
• Benefits			4 %	2 %	2 %
Population Size ³⁾	N/A	N/A	1	1	1
All Employee Cash Remuneration	NA	NA	100	105.0	109.9
Remuneration distribution					
• Base Salary			99 %	96 %	97 %
• Variable pay			0 %	3 %	2 %
• Benefits			1 %	1 %	1 %
Population Size ³⁾	N/A	N/A	556	563	542
The Group adjusted EBITDA (adjusted for the provision made in second quarter 2021 of MSEK 76)	NA	NA	100	94.8	179.3

¹⁾ The company has adjusted the structure of the comparison chart in relation to Remuneration Report 2020 and 2021. This has been done to further adopt market standard practice and more clear alignment with key leading indicators throughout the Remuneration Report as well as the Annual Report.

²⁾ The table reports total cash & benefit remuneration earned in 2022 based on gross base salary, short & long incentive programs as well as possible extraordinary items. Disbursement of any payments may or may not have been made the same year.

³⁾ Average headcount on annual basis.