

Remuneration Report 2023

Introduction

This report describes how the guidelines for executive remuneration of Nordic Paper Holding AB, adopted by the annual general meeting 2020, have been applied in 2023.

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 105-107 in the Annual Report 2023. 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 106 in the Annual Report 2023.

Key developments 2023

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 2023 is linked to Nordic Papers financial result.

The remuneration guidelines are found on pages 83-84 in the Annual Report 2023. During 2023, the company has complied with the applicable remuneration guidelines adopted by the general meeting.

No remuneration has been reclaimed.

Remuneration 2023

Table 1 Total CEO remuneration in 2023 (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)	2023	3,312.7	99.8	416.0	N/A	N/A	1,121.5	4,949.9	92/8

¹⁾ The table reports remuneration earned in 2023. 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 2023 a Long Term Incentive Program (LTI) was established following a decision at the Annual General Meeting 2023. The purpose of the LTI 2023/2026 is to incentivise the Executive Management with Share-holder interest and long term development of the company.

The LTI 2023/2026 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 329,000 warrants whereof 292,000 were ultimately issued. Based on the original scope of 329,000 warrents set by the AGM, the maximum dilution would be about 0.50 %.

The CEO was offered and aquired 70,000 warrants and six other members of the Executive Management aquired 37,000 warrants each.

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 preceeding the offer to subscribe the warrants.

The warrants were ultimately priced at SEK 0.77 each. The warrants can be exercised following the release of the Q3 or Q4 interim report in 2026 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 aquisitions 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 0.77 and an individual income margin tax of 55 % is calculated to SEK 0.35 Million.

Program name	AGM decision total warrants	Issued warrants	Number of participants	Warrants aquired by CEO	Warrants aquired by other executives	Share price (VWAP)	Strike Price	Warrant Cap	Maximum dilution	Exercise periods
LTI2022/2025	600,000	584,000	7	140,000	444,000	SEK 38.14	SEK 45.77	SEK 64.84	0.89 %	14 days from Q3 or Q4 report 2025
LTI2023/2026	329,000	292,000	7	70,000	222,000	SEK 32.48	SEK 38.98	SEK 55.22	0.5 %	14 days from Q3 or Q4 report 2026

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 2023 have been taken into account.

Table 2 Performance of the CEO in the reported financial year 2023

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	55 %	40 %	286 kSEK
	Net sales growth (organic)	35 %	0 %	0 kSEK
	Sustainability	10 %	100 %	130 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 2019	RFY 2020	RFY 2021	RFY 2022	RFY 2023
Chief Executive Officer Cash Remuneration	NA	100 %	142.6	151.6	139.6
Remuneration distribution	N/A				
. Base Salary		82 %	79 %	77 %	87 %
. Short Term Incentive		0 %	19 %	20 %	11 %
. Long Term Incentive		0 %	0 %	0 %	0 %
. Extra Ordinary Items		14 %	0 %	0 %	0 %
. Benefits		4 %	2 %	2 %	3 %
Population Size ³	N/A	1	1	1	1
All Employee Cash Remuneration	NA	100	105.0	109.9	109.4
Remuneration distribution					
. Base Salary		99 %	96 %	97 %	97 %
. Variable pay		0 %	3 %	2 %	2 %
. Benefits		1 %	1 %	1 %	1 %
Population Size ³	N/A	556	563	542	552
The Group adjusted EBITDA (adjusted for the provision made in second quarter 2021 of MSEK 76)	NA	100	94.8	179.3	169.2

¹ Since the remuneration report 2022 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 2023 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.