

Remuneration guidelines

These guidelines cover remuneration to the Chief Executive Officer (CEO) and other members of Nordic Paper's executive management (senior executives). The guidelines apply to new remuneration agreements or amendments to previously agreed remuneration after these guidelines have been adopted by the annual general meeting 2024.

The guidelines do not cover remuneration decided on by the annual general meeting, such as programmes for long-term variable remuneration.

Remuneration principles

Remuneration and other terms of employment for the CEO and senior executives shall be competitive so that Nordic Paper can attract, employ and retain a competent executive management, which is essential for successful implementation of the Company's business strategy and for safeguarding Nordic Paper's long-term interests, including its sustainability. The total remuneration offered should also be market based and give senior executives joint responsibility and ownership for the Company's overall results, which are aligned with the shareholders' interests.

Total remuneration

The total remuneration to the CEO and senior executives must be competitive in the market in the country where the person is located. The total remuneration will consist of a fixed cash salary, variable cash remuneration under incentive programmes, pension benefits and other benefits. In addition, and independently of these guidelines, the annual general meeting may decide on, for example, share or share price related remuneration and other forms of remuneration without restrictions.

Fixed cash salary

A review of the fixed cash salary for the CEO and senior executives is to be carried out annually. When determining and reviewing fixed cash salaries, the total remuneration, including pension and local market salary data, primarily for a relevant comparison group of companies, will be taken into account.

Salary increases (as a percentage of existing fixed cash salary) should normally be based on external market practice, other employees in relevant locations and positions, and the individual's performance.

Variable cash remuneration

Variable cash remuneration, as per the annual incentive programmes, must be linked to predetermined and measurable criteria related to the Company, designed to promote value creation for the Company and strengthen links between performance targets achieved and rewards.

The criteria for incentive programmes are decided annually by the board and designed so that they promote the Company's business strategy and long-term interests, including its sustainability, by, for example, having a clear connection to the business strategy or promoting the person's long-term development.

The extent to which the criteria for allocating variable cash remuneration have been met is to be measured over a period of one year and evaluated following the measurement period. Annual variable cash remuneration is to be limited and the maximum payment may not exceed 30 percent of the fixed cash salary for senior executives and 50 percent for the CEO.

The Board has at its own discretion, the right, in whole or in part, to deny a person the right to a variable cash payment in the event that the person has acted in violation of Nordic Paper's Code of Conduct, to recover variable cash compensation paid to a person on incorrect grounds, such as recalculation of financial results due to incorrect financial reporting, non-compliance with financial reporting requirements, etc.

Pensions and other benefits

Nordic Paper is aiming to gradually move towards defined contribution pension solutions, meaning that Nordic Paper would pay contributions corresponding to a specific percentage of the employee's salary. Pension benefits will be defined contribution and entitle the individual to a pension from the age of 65, unless the individual is covered by a defined benefit pension plan in accordance with mandatory collective agreement provisions or mandatory local regulations.

The CEO has a defined contribution pension plan with a premium limited to 40 percent of annual fixed cash salary. Variable cash compensation will not qualify for pension benefits, except when it follows from provisions according to a general pension plan (such as the Swedish ITP plan). Other benefits may include, among other things, life insurance, health insurance and car benefits. Such benefits are maximised at 15 percent of annual fixed cash salary.

Conditions for termination of employment

The notice period for the CEO and senior executives is six (6) months if the employment is terminated by the Company and six (6) months if the employment is terminated by the employee. In addition, severance pay of a maximum of twelve (12) months' fixed cash salary may be paid to the CEO and a maximum of six (6) months to senior executives if the employment ends at the Company's request.

The Company's CEO and senior executives are to be covered by a non-compete clause that is legally effective for six (6) months following termination of employment, as well as non-recruitment of relevant parties during this period. The Company may unilaterally waive the non-compete clause at its own discretion. In compensation for the non-compete clause the CEO will be entitled to remuneration at 60 percent of the monthly remuneration (calculated on fixed cash salary and variable salary) and senior executives at 75 percent of the monthly remuneration (calculated on fixed cash salary).

Board member remuneration in addition to board fees

Board members elected at the annual general meeting may in certain cases receive a fee for services performed within their respective areas of expertise, but beyond their board duties. Compensation for these services are to be paid according to market conditions and approved by the board.

The decision-making process

The Board has established a remuneration committee. The Committee prepares for the board's decision on proposals for guidelines on remuneration and other terms of employment for the CEO and senior executives.

The Committee also monitors and evaluates programmes for variable remuneration paid to executive management, the application of guidelines for remuneration, current remuneration structures and remuneration levels within the Company. The Board is to prepare proposals for new guidelines at least every four years and submit the proposal for resolution at the annual general meeting. The guidelines apply until new guidelines have been adopted by the annual general meeting.

The remuneration committee shall also prepare the board of directors' decision to publish and propose an annual remuneration report for approval of the annual general meeting.

The members of the remuneration committee are independent in relation to the Company and senior executives. The CEO or other persons in executive management are not present when the board considers or makes decisions on remuneration-related matters insofar as they are affected by the matters.

Deviations from the guidelines

The Board of Nordic Paper considers its responsibility to apply discretion and make well-founded assessments regarding individual remuneration packages or salary levels that may deviate from time to time either above or below the established salary strategy, in whole or in part, if there are specific reasons for deviation in an individual case and a deviation is necessary to meet 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:

- The person's performance and potential in relation to the market.
- Long-term succession planning and strategic talent supply.
- Business conditions in the industry or the overall market, as well as commercial or regulatory requirements within the senior executive's area of responsibility.
- Circumstances where people are asked to assume a new role, responsibility for specific projects or strategic initiatives.

Salary and employment terms for employees

In preparing the board's proposal for these remuneration guidelines, salaries and employment terms for the Company's employees in Sweden are taken into account in that information on employees' total income, remuneration components and the remuneration increase and rate over time have formed part of the remuneration committee's and Board's decision basis in the evaluation of the suitability of the guidelines and the restrictions arising in them.

Description of significant changes to the guidelines

The proposed guidelines are substantially the same as the guidelines adopted by the extraordinary general meeting on 20 August 2020, with only linguistic adjustments and clarifications.