



## BILLERUDKORSNÄS

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### **Annual General Meeting 2015 BillerudKorsnäs AB (publ)**

The shareholders of BillerudKorsnäs AB (publ) are hereby invited to attend the Annual General Meeting at 2.00 p.m. on Tuesday 5 May 2015 at Hotel Rival, Mariatorget 3, Stockholm, Sweden.

The premises for the Meeting will be open for registration at 1.00 p.m. when coffee will be served.

#### **Participation**

Shareholders wishing to take part in the Annual General Meeting shall:

- be registered in the Shareholders' Register kept by Euroclear Sweden on Tuesday 28 April 2015, and
- notify the company of their intention to attend the Meeting not later than Tuesday 28 April 2015, preferably before 4.00 p.m. Notification may be made in writing by post to BillerudKorsnäs AB (publ), "AGM", P.O. Box 7841, SE-103 98 Stockholm, Sweden, and by telephone to +46 8 402 90 62. Private persons may also give notification on the company's website [www.billerudkorsnas.se/anmalan](http://www.billerudkorsnas.se/anmalan). In their notification shareholders shall state their name, personal / corporate identity number, address, daytime telephone number and, if applicable, the number of advisors (maximum of two).

Shareholders whose shares are registered in the name of a nominee must in order to participate at the Meeting, request that their own names are temporarily registered in the share register kept by Euroclear Sweden. This procedure, so-called voting right registration, must be effected not later than on Tuesday 28 April 2015, which means that the shareholder must inform the nominee well in time before this date.

Shareholders participating through a proxy, or representatives of legal entities, should submit the original copy of their proxy, registration certificates and other relevant authorisation documents to the company well before the Meeting. Template proxy forms can be downloaded on the company's website, [www.billerudkorsnas.se/anmalan](http://www.billerudkorsnas.se/anmalan).

Entry cards, to be presented at the entrance to the Meeting, will be sent out prior to the Meeting. A new entry card may be issued at the information desk, by providing proof of identity, to shareholders and representatives whom have not received or forgotten their entry card.

#### **Proposed Agenda**

1. Opening of the Meeting.
2. Election of Chairman of the Meeting.
3. Drawing up and approval of the voting list.
4. Election of one or two persons to verify the minutes.
5. Determination as to whether the Meeting has been duly convened.
6. Approval of the Agenda.
7. Presentation of the annual report and the auditors' report as well as the consolidated accounts and consolidated auditors' report for the 2014 financial year.
8. Report on the work of the Board and Board Committees over the past year.
9. Presentation by the Chief Executive Officer.
10. Resolution on:
  - a) the adoption of the income statement and the balance sheet as well as the consolidated income statement and consolidated balance sheet for 2014,
  - b) the appropriation of the company's profit according to the adopted balance sheet for 2014 and the record date for the dividend, and
  - c) discharge from personal liability for Board Members and the CEO for their

administration for the year 2014.

11. Account of the Nomination Committee's work and proposals.
12. Resolution on number of Board Members to be elected by the Meeting.
13. Resolution on fees for Board Members and remuneration for Committee work and resolution on fees for auditors.
14. Election of Board Members and Chairman of the Board.
15. Election of auditor.
16. Resolution on procedures for appointment of the Nomination Committee for the 2016 Annual General Meeting.
17. The Board's proposal regarding guidelines for remuneration to senior executives.
18. The Board's proposals regarding resolutions on:
  - (a) introduction of LTIP 2015;
  - (b) transfer of own treasury shares to the participants in LTIP 2015; and
  - (c) equity swap agreement with third party.
19. Shareholder's proposal.
20. Closing of the Meeting.

### **Resolutions proposed by the Nomination Committee**

#### *Item 2*

The Nomination Committee proposes that the lawyer Wilhelm Lünig is elected to be Chairman of the Meeting.

#### *Item 12*

The Nomination Committee proposes that the Board shall consist of eight members elected by the general meeting (currently seven), including the Chairman and the Vice Chairman of the Board.

#### *Item 13*

The Nomination Committee proposes that the fees to Board Members and for work in the Committees of the Board, for the period until the close of the next Annual General Meeting, shall be unchanged which means:

- that the fee to Board Members, elected by the General Meeting and not employed by the BillerudKorsnäs Group, shall be SEK 450,000 per Member, that the fee to the Chairman of the Board shall be SEK 1,100,000 and that the annual fee to the Vice Chairman of the Board shall be SEK 750,000;
- that the annual remuneration for work on Board Committees, paid to members appointed by the Board shall be SEK 150,000 to the chairman of the Audit Committee, SEK 75,000 to each of the other members of the Audit Committee, SEK 50,000 to the chairman of the Remuneration Committee and SEK 25,000 to each of the other members of the Remuneration Committee, and also SEK 50,000 to each of the members of the Investment Committee (former Integration and Transformation Committee); and
- that fees to the auditors during the mandate period shall be paid by current account.

#### *Item 14*

The Nomination Committee proposes that Bengt Hammar, Mikael Hellberg, Jan Homan, Lennart Holm, Gunilla Jönsson, Michael M.F. Kaufmann and Kristina Schauman are re-elected as Board Members.

The Nomination Committee proposes that Andrea Gisle Joosen is elected as new Board Member.

Andrea Gisle Joosen has significant experience from the consumer goods/FMCG sector and retail sector. Most recently she held the position as CEO of Boxer TV Access AB. Her former roles include managing director of the Nordic/Scandinavian operations of Panasonic, Chantelle and Twentieth Century Fox Home Entertainment as well as senior positions with Johnson & Johnson and Procter & Gamble. Andrea Gisle Joosen is currently a non executive director at Dixons Carphone PLC, ICA Gruppen AB and Lighthouse Group AB. Andrea Gisle Joosen was born in 1964 and has a BSc. in Business Administration and an MSc. in International Marketing from Copenhagen Business School.

The Nomination Committee further proposes that Lennart Holm is re-elected as Chairman of the Board and that Michael M.F. Kaufmann is re-elected as Vice Chairman of the Board.

The Nomination Committee's motivated statement explaining its proposals regarding the Board and additional information about the proposed directors of the Board are available on the company's website at [www.billerudkorsnas.com](http://www.billerudkorsnas.com).

*Item 15*

The Nomination Committee proposes that the Annual General Meeting shall elect the registered accounting firm KPMG AB as the company's auditor for the period until the close of the 2016 Annual General Meeting. KPMG AB has informed that they will appoint the authorised public accountant Ingrid Hornberg Román as auditor-in-charge if KPMG AB is elected as auditor.

*Item 16*

The Nomination Committee proposes that the procedures for the appointment of the Nomination Committee for the 2016 Annual General Meeting shall be as follows:

The Nomination Committee shall comprise of four (4) members. During the autumn of 2015 the Chairman shall contact the largest shareholders (judged by size of shareholding) regarding the formation of a Nomination Committee. The names of the members of the Nomination Committee, and the names of the shareholders having appointed the members, shall be published no later than six months prior to the 2016 Annual General Meeting and be based upon the known shareholding as per 30 September 2015. The Nomination Committee is appointed for a term of office commencing at the time of the announcement of its composition and ending when a new Nomination Committee is formed. Unless the Committee members agree otherwise, the Chairman of the Nomination Committee shall be the member appointed by the largest shareholder (judged by size of shareholding). The Committee forms a quorum when more than half of its members are present.

If during the Nomination Committee's term of office one or more of the shareholders that have appointed members to the Nomination Committee are no longer among the largest shareholders, then the members appointed by these shareholders shall resign their positions and the shareholder or shareholders who have become among the largest shareholders shall be offered the opportunity to appoint members to the Nomination Committee. Unless there is special cause, no changes shall be made to the composition of the Nomination Committee if only minor changes in shareholding have been made, or if the changes take place later than two months prior to the General Meeting that will decide on proposals made by the Nomination Committee.

Shareholders who appoint members to the Nomination Committee have the right to dismiss their member and appoint a new one. Equally, the shareholder whose member requests to leave the Committee before its work is completed has the right to replace such a member. Changes to the composition of the Nomination Committee shall be published as soon as they take place.

The Nomination Committee shall produce proposals for the following items to be decided by the 2016 Annual General Meeting:

- (a) proposal for Chairman of the Meeting;
- (b) proposal for number of Board Members;
- (c) proposal for nomination of Board Members, Chairman and Vice Chairman of the Board;
- (d) proposals for nomination of auditors;
- (e) proposals for Board fees and distribution between Chairman of the Board, Vice Chairman and other Members, and possible remuneration for Committee work;
- (f) proposal for fees to auditors; and
- (g) proposal for procedures for appointing the Nomination Committee.

The Nomination Committee shall make available the requisite information to BillerudKorsnäs so that BillerudKorsnäs can meet the information requirements of the Swedish code of corporate governance. Furthermore, the Nomination Committee shall in performing its duties meet the requirements set by the Swedish code of corporate governance for Nomination Committees, and BillerudKorsnäs shall at the request of the Nomination Committee provide staff resources, such as secretary of the Nomination Committee, in order to facilitate the Committee's work. If so required, BillerudKorsnäs shall also pay reasonable costs for external consultants and similar which are considered necessary by the Nomination Committee for it to perform its duties.

## **Resolutions proposed by the Board of Directors**

### *Item 10 (b)*

The Board of Directors proposes a dividend of SEK 3.15 per share. The record date for the dividend is proposed to be on Thursday 7 May 2015. If the Meeting resolves in accordance with the Board's proposal, the dividend is estimated to be paid out by Euroclear Sweden AB on Tuesday 12 May 2015.

A reasoned statement from the Board of Directors, pursuant to Ch 18 Sec 4 of the Companies Act (2005:551), with respect to the proposed dividend will be available not later than on Tuesday 14 April 2015 on the company's website at [www.billerudkorsnas.com](http://www.billerudkorsnas.com), at the company's office at Frösundaleden 2 B in Solna, Sweden, and will be sent by post to those shareholders who so request and state their postal address.

### *Item 17*

The Board proposes that the Meeting resolves to adopt the following guidelines for remuneration to the executive officers of the BillerudKorsnäs Group. Executive officers are the CEO, the Executive Vice President and the other members of the senior management team.

BillerudKorsnäs shall set the remuneration levels and employment terms that are in line with market practice in order to recruit and keep a management team with a high level of competence and the capability to achieve established goals. Remuneration shall motivate executives to do their utmost to secure shareholders' interests. Remuneration may be in the form of fixed salary, variable salary, long term incentive programs and other benefits such as a company car and pension. Fixed and variable salary shall be set in relation to competence, area of responsibility and performance. Variable remuneration will be based on outcomes in relation to established targets and shall be a maximum of a fixed percentage of annual fixed salary and vary between 30 per cent and 70 per cent. However, variable remuneration shall only be paid on condition that the company's operating result is positive. Long term incentive programs within the company shall primarily be linked to certain pre-determined financial and share price related performance criteria. The programs shall ensure long term commitment to the development of the company and shall be implemented on market terms. Long term incentive programs shall run for at least three years. For more information about the existing long term incentive programs, see the company's annual report and website. For further information regarding the proposed LTIP 2015, please see the Board's proposal according to item 18 on the agenda. Pension benefits shall either be defined-benefit or defined-contribution, and normally give an entitlement to pension from age 65. In some cases the retirement age may be lower, although 62 is the lowest retirement age. Six to twelve months is the normal notification period for termination of employment, and severance pay shall be a maximum of 12 months' salary in the event of dismissal by the company.

Remuneration and employment terms for the CEO are prepared by the Remuneration Committee and decided by the Board. Remuneration and employment terms for members of the senior management team are decided by the CEO, after approval from the Remuneration Committee.

The Board of BillerudKorsnäs has the right to deviate from these guidelines in individual cases if there is a good reason.

The auditor's statement according to Ch 8 Sec 54 of the Companies Act (2005:551) and the Board of Directors' report of the result of the Remuneration Committee's evaluation according to the Swedish corporate governance code will be made available not later than on Tuesday 14 April 2015 on the company's website at [www.billerudkorsnas.com](http://www.billerudkorsnas.com), at the company's office at Frösundaleden 2 B, Solna, Sweden, and will be sent by post to those shareholders who so request and state their postal address.

### *Item 18*

The Board of Directors proposes that the Meeting resolves to introduce a long term share based incentive program ("LTIP 2015") and transfer of own shares in relation to LTIP 2015 in accordance with items 18 a) and b).

#### a) Introduction of LTIP 2015

##### *LTIP 2015 in brief*

The Board of Directors' main objective with the proposal of LTIP 2015 is to strengthen

BillerudKorsnäs' ability to attract, motivate and retain the best talent for key leadership positions. The aim is further that executive officers as well as other key personnell and talents within the BillerudKorsnäs group shall be given an incentive to increased efforts by aligning their interests and perspectives with those of the shareholders.

LTIP 2015 comprises up to 75 executive officers, other key personnell and talents within the BillerudKorsnäs group. A condition to participate in LTIP 2015 is that the participants must own BillerudKorsnäs shares. The shares could be previously held, provided that they are not already allocated to the long term share based incentive programs adopted 2013 or 2014, or purchased on the market. Notification of participation in LTIP 2015 shall occur after the AGM 2015. The participants will after a three year vesting period that ends in connection with the publication of BillerudKorsnäs' interim report for the period January – March 2018, be allotted BillerudKorsnäs shares, free of charge, provided that certain conditions are fulfilled.

LTIP 2015 has the same structure as previous years' long term incentive programs.

#### *Participants in LTIP 2015*

LTIP 2015 comprises up to 75 persons consisting of the CEO, the Executive Vice President and the other members of the Senior Management Team, other key personnell and talents within the BillerudKorsnäs group.

#### *Personal investment and allotment of share rights*

To participate in LTIP 2015, the participants must purchase BillerudKorsnäs shares at market price on Nasdaq Stockholm ("Saving Shares"). Previously held BillerudKorsnäs shares, which are not already allocated to the long term share based incentive programs 2013 or 2014, may be used as Saving Shares. Saving Shares shall be allocated to LTIP 2015 in connection with the notification to participate in the program. If the participant has insider information which prevents him/her from purchasing BillerudKorsnäs shares in connection with the notification to participate in LTIP 2015, the shares shall be purchased as soon as possible, but no later than before the next annual general meeting.

Participants in Category 1 (the CEO of BillerudKorsnäs), Category 2 (the Executive Vice President and the CFO of BillerudKorsnäs) and Category 3 (22 executive officers and other key personnell in BillerudKorsnäs) are offered to allocate Saving Shares to the LTIP 2015, not exceeding a number equal to 10 per cent of the participant's gross base salary as per year end 2014 divided by the closing price of the BillerudKorsnäs share per the last trading day of 2014 (SEK 112.50) (the "Closing Price"). Participants in Category 4 (50 key personnell and talents in BillerudKorsnäs) are offered to allocate no more than 500 Saving Shares to LTIP 2015. New personnell that have not yet commenced their employment at the time when notification to participate in the program at the latest shall be given, may, upon the condition that the employment commences during 2015, be offered to participate in the program, if the Board of Directors or the Remuneration Committee deems it to be in line with the purpose of the program.

For each Saving Share that the participant invests in and allocates to LTIP 2015, the participant is, free of charge, allotted 1 matching share right ("Matching Share Right") and 3 performance share rights ("Performance Share Right") (together referred to as "Share Rights"). However, the CEO (Category 1) will be allotted 1 Matching Share Right and 5 Performance Share Rights for each Saving Share allocated to LTIP 2015 and the Executive Vice President and the CFO (Category 2) will be allotted 1 Matching Share Right and 4 Performance Share Rights for each Saving Share allocated to LTIP 2015. Provided that the conditions set out below are fulfilled, the Share Rights entitle to allotment of BillerudKorsnäs shares as described below. Allotment of shares in BillerudKorsnäs will be made, free of charge, after the release of the interim report for the period January – March 2018.

#### *Matching Share Rights*

For each Saving Share that the participant invests in and allocates to LTIP 2015, the participant is, free of charge, allotted 1 Matching Share Right, which entitles the participant to, free of charge, receive 1 BillerudKorsnäs share. Allotment of BillerudKorsnäs shares requires, with certain exceptions, that the participant is still employed by the BillerudKorsnäs Group and has retained the Saving Shares at the release of the interim report for the period January – March 2018.

For half (50%) of the Matching Share Rights allotted to the participant, another condition for allotment

of BillerudKorsnäs shares is that the total shareholder return (TSR) on the BillerudKorsnäs share during the period 2015-2017 exceeds zero (0) per cent.

#### *Performance Share Rights*

For each Saving Share that the participant invests in and allocates to LTIP 2015, the participant is, free of charge, allotted 3 Performance Share Rights. However, the CEO (Category 1) will be allotted 5 Performance Share Rights for each Saving Share allocated to LTIP 2015 and the Executive Vice President and the CFO (Category 2) will be allotted 4 Performance Share Rights for each Saving Share allocated to LTIP 2015.

The Performance Share Rights are divided into three series, series A-C. For all participants, except the CEO (Category 1) and the Executive Vice President and the CFO (Category 2), each Saving Share entitles to 1 Performance Share Right of each series. For the CEO (Category 1) each Saving Share entitles to 2 Performance Share Rights of series A, 1 Performance Share Right of series B and 2 Performance Share Rights of series C. For the Executive Vice President and the CFO (Category 2) each Saving Share entitles to 1.5 Performance Share Rights of series A, 1 Performance Share Right of series B and 1.5 Performance Share Rights of series C.

The allotment of BillerudKorsnäs shares due to Performance Share Rights of Series A-C requires that the conditions for the Matching Share Rights regarding continued employment and retained holding of Saving Shares are fulfilled. In addition, allotment of BillerudKorsnäs shares due to Performance Share Rights requires fulfillment of certain performance conditions. The performance conditions vary for the respective series and are based on financial goals during the financial years 2015-2017. The Board of Directors intends to present whether the conditions have been fulfilled in the annual report of 2017.

*Series A* The performance condition for the Performance Share Rights of series A relate to BillerudKorsnäs' average adjusted operating margin for the period 2015-2017 ("EBIT Margin"). The maximum level of allotment under the performance conditions is an EBIT Margin of 11.5 per cent and the minimum level of allotment is an EBIT Margin exceeding 8.5 per cent. If the EBIT Margin amounts to the maximum level of 11.5 per cent or more, maximum allotment of 1 BillerudKorsnäs share per Performance Share Rights of series A shall be made. If the EBIT Margin should be lower than 11,5 per cent, but exceeding the minimum level of 8.5 per cent, the allotment will be made on a linear basis on intermediate values. If the EBIT Margin amounts to 8.5 per cent or less, the Performance Share Rights of series A shall not entitle to allotment of BillerudKorsnäs shares.

*Series B* The performance condition for the Performance Share Rights of series B relate to BillerudKorsnäs' adjusted EBITDA margin in comparison with the average EBITDA margin for the period 2015-2017 for a peer group of certain selected companies ("Comparing EBITDA-margin"). The peer group consists of companies and their business areas with businesses including production and sale of pulp, paper and board as well as packaging materials and packaging solutions made thereof, that the Board of Directors has considered to be comparable to BillerudKorsnäs. The Board of Directors or the Remuneration Committee shall be authorized, in particular situations, to adjust the peer group's composition. The peer group is composed by Klabin, Nine Dragon Paper, Mead Westvaco's segment Food & Beverage and Home, Metsä Board's segment Paperboard, Mondis segment Europe and International Packaging Paper, Smurfit Kappa Group and Stora Enso's Segment Consumer Board and Packaging Solutions. If BillerudKorsnäs' EBITDA-margin exceeds Comparing EBITDA-margin, maximum allotment of 1 BillerudKorsnäs share per Performance Share Rights of series B shall be made. If BillerudKorsnäs' EBITDA-margin is the same or lower than Comparing EBITDA-margin, the Performance Share Rights of series B shall not entitle to allotment of BillerudKorsnäs shares.

*Series C* The performance condition for the Performance Share Rights of series C relate to BillerudKorsnäs' total shareholder return for the period 2015-2017 ("TSR") in comparison with the total shareholder return for the period 2015-2017 for a comparative index ("Comparing TSR Index") based

- to 30 per cent on SIX Return Index based on total shareholder return on companies listed on Nasdaq Stockholm, and
- to 70 per cent on an index over total shareholder return for a peer group of certain selected listed Nordic companies with businesses including production and sale of pulp, paper and board as well as packaging materials and packaging solutions made thereof (consisting in equal parts of Ahlstrom, Holmen, Metsä Board, Munksjö, SCA, Stora Enso and UPM). The lowest and highest quotation of total shareholder return in the peer group shall be excluded in the calculation. The Board of Directors or the Remuneration Committee shall be authorized, in particular situations, to adjust the peer group's composition.

The maximum level of allotment under this performance condition is that TSR exceeds Comparing TSR Index by 10 percentage points or more and the minimum level is that TSR exceeds Comparing TSR Index. If BillerudKorsnäs' TSR exceeds Comparing TSR Index by 10 percentage points or more, maximum allotment of 1 BillerudKorsnäs share per Performance Share Rights of series C shall be made. If BillerudKorsnäs' TSR exceeds Comparing TSR Index, however with less than 10 percentage points, the allotment will be made on a linear basis on intermediate values. If BillerudKorsnäs' TSR amounts to, or is less than Comparing TSR Index, the Performance Share Rights of series C shall not entitle to allotment of BillerudKorsnäs shares.

#### *Terms and conditions for the Share Rights*

In addition to what has been stated above, the following terms and conditions apply for both the Matching Share Rights and the Performance Share Rights:

- The Share Rights are allotted, free of charge, after the Annual General Meeting 2015.
- The participants are not entitled to transfer, pledge or dispose the Share Rights or perform any shareholder's rights regarding the Share Rights.
- Allotment, free of charge, of BillerudKorsnäs shares, on the basis of the Share Rights, will take place after the release of the interim report for the period January – March 2018.
- BillerudKorsnäs will make no compensations to the participants of LTIP 2015 due to dividend regarding the shares that the respective Share Right qualifies for.
- The maximum profit per participant is limited to SEK 400 per Share Right, equal to a maximum of approximately 26 monthly salaries for Category 1, approximately 21 monthly salaries in average for Category 2 and approximately 17 monthly salaries in average for Category 3 and 4. In the event that the profit, when calculating the allotment according to LTIP 2015, should exceed the limit of SEK 400 per Share Right, adjustment shall be made by consequently decreasing the number of BillerudKorsnäs shares that the participant is entitled to receive.

#### *Detailed terms and administration*

The Board of Directors, or the Remuneration Committee, shall be responsible for determining the detailed terms and administration of LTIP 2015 to be applicable between BillerudKorsnäs and the participant, however within the scope of herein given frames and directions. The Board of Directors or the Remuneration Committee shall be authorised to make adjustments to fulfil certain rules or market prerequisites in other jurisdictions. If delivery of shares cannot be accomplished at reasonable costs and with reasonable administrative efforts to persons outside Sweden, the Board of Directors or the Remuneration Committee shall be entitled to decide that the participating person may instead be offered a cash based settlement. The Board may also make other adjustments, including e.g. a right to resolve on a reduced allotment of shares, if material changes would occur within the BillerudKorsnäs Group or on the market that, according to the Board's assessment, would lead to that the resolved terms and conditions for allotment of shares under LTIP 2015 no longer fulfils the main objectives.

#### *Scope*

In total, LTIP 2015 comprises a maximum of 76,504 Saving Shares, which can lead to allotment of in total a maximum of 328,432 BillerudKorsnäs shares (a maximum of 76,504 due to the Matching Share Rights and a maximum of 251,928 due to the Performance Share Rights), which correspond to approximately 0.2 per cent of the number of outstanding shares and votes in BillerudKorsnäs.

The number of shares included in the LTIP 2015 which can be transferred to the participants shall be subject to recalculation due to bonus issues, consolidation or share split, new issue of shares or similar measures carried out by BillerudKorsnäs according to accepted practice for similar incentive programs.

In total, LTIP 2015 comprises a maximum of 328,432 BillerudKorsnäs shares. On 31 December 2014, the previously adopted long term incentive programs, LTIP 2012, LTIP 2013 and LTIP 2014, comprised a maximum of 822,476 BillerudKorsnäs shares. LTIP 2015 together with LTIP 2012, LTIP 2013 and LTIP 2014 would entail a dilution of shares of approximately 0.6 per cent of the number of outstanding shares and votes in BillerudKorsnäs.

#### *Hedging*

In order to secure delivery of BillerudKorsnäs shares under LTIP 2015, the Board of Directors proposes that the Board of Directors shall have the right to decide on alternative methods for transfer of BillerudKorsnäs shares under LTIP 2015.

The Board of Directors therefore proposes that the Annual General Meeting decides to transfer own treasury BillerudKorsnäs shares to the participants or to enter into so-called equity swap agreements with a third party in order to meet the requirements under LTIP 2015. The Board of Directors considers the first alternative to be the most cost efficient and flexible arrangement for the transfer of BillerudKorsnäs shares to the participants.

#### *Estimated costs and values of the LTIP 2015*

The Board of Directors has estimated the average value of each Share Right to SEK 94.10. The estimation is based on generally accepted valuation models using the closing price for the BillerudKorsnäs share on 10 March 2015, statistics on the share price development as well as projected dividends. The aggregate estimated value of the 76,504 Matching Share Rights and 251,928 Performance Share Rights, based on a approximately 50 per cent fulfillment of the performance conditions and estimations on turnover of personnel, is approximately MSEK 18.6. The value is equivalent to approximately 0.07 per cent of the market capitalisation for BillerudKorsnäs as of 10 March 2015. The costs are treated as a staff cost in the profit and loss accounts and it is expensed over the first 36 months in accordance with IFRS 2 on share-based payments. In the profit and loss accounts, social security costs will accrue in accordance with UFR 7 during the vesting period. The size of these costs will be calculated on the BillerudKorsnäs share price development during the vesting period and allotment of the shares. Based on a theoretical assumption of a yearly increase of 10 per cent of the share price and a vesting period of three years, the cost for LTIP 2015 including social security costs is approximately MSEK 27.7, which on a yearly basis equals to approximately 0.3 per cent of BillerudKorsnäs' total staff costs for the financial year 2014. The maximum cost for LTIP 2015, based on these assumptions, is estimated to be approximately MSEK 72.2, whereof MSEK 41.3 in social security costs.

#### *Effects on key ratios*

In the event of full participation in LTIP 2015, BillerudKorsnäs' staff costs are expected to increase with approximately MSEK 9.1 annually. On a proforma basis for 2014, these costs equals a marginal negative effect on BillerudKorsnäs' operating margin earnings per share.

Nevertheless, the Board of Directors considers that the positive effects on the result, which are expected to arise from the increase of the shareholding by executive officers and key employees and which, in addition, may further be expanded by the shareholding in LTIP 2015, exceed the costs.

#### *The preparation of the proposal*

LTIP 2015, which is based on the previous years long term incentive programs, has been initiated and prepared by the BillerudKorsnäs' Remuneration Committee and Board of Directors together with external advisors.



#### *Other incentive programs in BillerudKorsnäs*

Please refer to BillerudKorsnäs' annual report or the company website [www.billerudkorsnas.com](http://www.billerudkorsnas.com) for a description of all other share based incentive programs in BillerudKorsnäs. BillerudKorsnäs has no other share-based incentive programs than those described there.

#### b) Transfer of own treasury shares to the participants in LTIP 2015

The Board of Directors proposes that the Annual General Meeting resolves on transfer of a maximum of 328,432 BillerudKorsnäs shares held in treasury to the participants in LTIP 2015 (or the higher number of shares that may result from recalculation under the terms of the LTIP 2015). Transfer of shares to the participants shall be made free of charge in accordance with the terms of LTIP 2015.

#### c) Equity swap agreement with third party

The Board of Directors proposes that the Annual General Meeting resolves that the expected financial exposure of LTIP 2015 may as an alternative be hedged by BillerudKorsnäs entering into an equity swap agreement with a third party on terms and conditions in accordance with market practice, whereby the third party in its own name may acquire and transfer BillerudKorsnäs shares to the participants in LTIP 2015.

#### Specific majority requirements and conditions for the Board's proposals under item 18

To be valid, the Meeting's decision concerning items 18 a) and c) must gain the support of shareholders representing at least half of the votes cast by shareholders attending the Meeting and to be valid, the Meeting's decision concerning item 18 b) must gain the support of shareholders representing at least nine-tenths of both the votes cast and the shares represented at the Meeting.

The Board of Directors' proposal pursuant to item 18 a) is conditional on that the Meeting resolves in accordance with the Board of Directors' proposal under item 18 b) or 18 c).

#### **Shareholder's proposal**

##### *Item 19*

Shareholder Thorwald Arvidsson proposes that the Annual General meeting resolves to instruct the Board to take appropriate actions in order to establish a shareholders' association in the company.

#### **Number of shares**

At the time of the issuance of this notice there are 208,219,834 shares in the company representing one vote each. Thus the total number of votes is 208,219,834. The company owned 1,431,673 of its own shares, which may not be represented at the Meeting. The total number of votes in the company at the time of the issuance of this notice is therefore 206,788,161.

#### **Documentation**

The Nomination Committee's motivated statement regarding proposals for the Board etc. and information on the proposed directors of the Board will, from today, be available on the company's website at [www.billerudkorsnas.com](http://www.billerudkorsnas.com), at the company's office on Frösundaleden 2 B, Solna, Sweden, and will be sent by post to those shareholders who so request and state their postal address.

The annual report and the auditors' report for the 2014 financial year, the reasoned statement of the Board of Directors pursuant to Ch 18 Sec 4 of the Companies Act (2005:551), the Board of Directors' report of the results of the Remuneration Committee's evaluation according to the Swedish code of corporate governance and the auditor's statement pursuant to Ch 8 Sec 54 of the Companies Act (2005:551) will be made available not later than on Tuesday 14 April 2015 on the company's website at [www.billerudkorsnas.com](http://www.billerudkorsnas.com), at the company's office on Frösundaleden 2 B in Solna, Sweden, and will be sent by post to those shareholders who so request and state their postal address.

#### **Information on the shareholders' right to request information**

Upon request by any shareholder and where the Board of Directors believes that such may take place without significant harm to the company, the Board of Directors and managing director shall provide information at the General Meeting in respect of any circumstances which may affect the assessment

of a matter on the agenda and any circumstances which may affect the assessment of the company's financial position. The duty to provide information shall also apply to the company's relationship to other group companies and group accounts and such circumstances regarding subsidiaries as specified in the previous sentence.

Solna, March 2015  
*The Board of Directors*



## BILLERUDKORSNÄS

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### **Proposal by the Board of BillerudKorsnäs AB (publ) for appropriation of profit and motivated statement in accordance with Chapter 18 Section 4 of the Swedish Companies Act (item 10b on the Agenda)**

The Board proposes that the Annual General Meeting on 5 May 2015 decides to pay a dividend of SEK 3.15 per share. The record date for the dividend is proposed to be on Thursday 7 May 2015. If the Meeting resolves in accordance with the Board's proposal, the dividend is estimated to be paid out by Euroclear Sweden AB on Tuesday 12 May 2015.

The Board submits the following motivated statement in accordance with Chapter 18 Section 4 of the Swedish Companies Act (2005:551):

As presented on page 52 of the 2014 annual report, non-restricted shareholders' equity in the parent company, BillerudKorsnäs AB, amounted to SEK 4,443,029,140 on 31 December 2014. The Board of BillerudKorsnäs proposes that the dividend for 2014 shall be SEK 3.15 per share, equalling a total of approximately MSEK 651. The Board of BillerudKorsnäs's proposal means that the dividend for 2014 will be 51 % of the group's net profit. The remaining amount shall be carried forward in a new account. The reason for this proposal is as follows:

According to BillerudKorsnäs's financial targets, the dividend shall be 50% of the net profit per share over a business cycle and the net debt/equity ratio shall be 0.9 times. At the end of 2014 BillerudKorsnäs' net debt/equity ratio was 0.67, which is lower than target. The Board of BillerudKorsnäs proposes that of the year's profit of SEK 6.18 per share, a dividend of SEK 3.15 per share shall be distributed to the shareholders and that the remaining amount shall be carried forward in a new account.

Relating to the above, the Board of Directors of BillerudKorsnäs believes that the proposed dividend appear to be justified taking into consideration;

1. the demands with respect to size of shareholders' equity which are imposed by the nature, scope and risks associated with the operations of BillerudKorsnäs (and also the BillerudKorsnäs group), and
2. the company and the groups consolidation needs, liquidity and financial position in general.

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BillerudKorsnäs Aktiebolag (publ)  
The Board of Directors  
March 2015



## BILLERUDKORSNÄS

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### Information regarding the nominees to the Board of Directors for the AGM 2015 in BillerudKorsnäs AB

*Candidates nominated for re-election:*

#### **LENNART HOLM**

**Chairman of the Board since 2014, board member since 2012, member of the Audit Committee and chairman of the Investment Committee**

**Education:** MSc in chemical engineering, Chalmers University of Technology, Gothenburg. Degree in Finance, University of Gothenburg.

**Year born:** 1960

**Other assignments:** Chairman of the board of Vida AB, Nexam Chemical Holding AB, Vigmed Holding AB, Chamber Tech AB, Brunkeberg Systems AB and Hamnkrogen i Helsingborg AB. Board member of BMC Management AB AB, Chamber Bygg Sweden AB, Dermazip AB, Hempel A/S, Lennart Holm Development AB, Neco Norden AB, Preventic Försäkrings AB and SOS Children's Villages Sweden.

**Background:** Chairman of the Board and CEO of the Perstorp Group, active at Stora Enso and partner in PAI Partners SAS.

**Shareholding:** 3 000

**Independent/Not independent:** Independent of the Company and management, independent of the Company's major shareholders.

#### **BENGT HAMMAR**

**Board member since 2014 and member of the Investment Committee**

**Education:** Bachelor of Arts and Master of Public Affairs, Princeton University, New Jersey, USA

**Year born:** 1951

**Other assignments:** Director and senior adviser of Pöyry Capital Ltd.

**Background:** Managing Director, Head of Global Forest Products & Packaging at Barclays De Zoete Wedd Ltd. Executive Director, Head of European Forest Products & Packaging at Morgan Stanley & Co. Int.

**Shareholding:** 1 000

**Independent/Not independent:** Independent of the Company and management, independent of the Company's major shareholders.

#### **MIKAEL HELLBERG**

**Board member since 2014, chairman of the Remuneration Committee, member of the Audit Committee**

**Education:** Bsc, Business Administration, University of Minnesota. Studies at Stockholm School of Economics.



# BILLERUDKORSNÄS

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**Year born:** 1954

**Other assignments:** Chairman of the Board of Delicato Bakverk AB, Berntson Brands AB and Wallvision AB. Board member of Cederroth International AB, Lomond Industrier AB and Fresk Försäljning AB.

**Background:** CEO of Wasabröd AB, Pripps Bryggerier/Carlsberg Sverige AB, Alcro-Beckers AB and General Manager Procter & Gamble HABC Nordic. Chairman of e.g. AB Annas Pepparkakor, Björnkläder AB, NCS Colour AB, Anticimex AB and Mobeon AB.

**Shareholding:** 20 000

**Independent/Not independent:** Independent of the Company and management, independent of the Company's major shareholders.

## JAN HOMAN

**Board member since 2012 and member of the Audit Committee**

**Education:** Business studies, University of Commerce, Vienna, Austria.

**Year born:** 1947

**Other assignments:** Chairman of the board of Frapag Beteiligungsholding AG. Board member of Constantia Flexibles Group, Allianz Elementar Versicherungs AG, Erste Group Bank AG and Slovenska Sporitelna. Head of European Aluminium Foil Association and Flexible Packaging Europe.

**Background:** CEO of Constantia Flexibles Group and CEO of Constantia Teich Group.

**Shareholding:** –

**Independent/Not independent:** Independent of the Company and management, not independent of the Company's major shareholders.

## GUNILLA JÖNSON

**Board member since 2003**

**Education:** MSc and PhD in mechanical engineering, Chalmers University of Technology, Gothenburg.

**Year born:** 1943

**Other assignments:** Senior Professor in Packaging Logistics, Engineering Faculty LTH, and senior advisor to the Vice Chancellor of Lund University. Chairman of International Institute for Industrial Environmental Economics (IIIEE). Board member of SIK, Invest in Skåne AB, and Chalmers Industriteknik. Member of IVA Royal Swedish Academy of Engineering Sciences Division VIII – Forest Technology.

**Background:** Dean of Faculty of Engineering, Lund University. Various executive and other positions at SCA Packaging. Research Director, Swedish Packaging Research Institute.

**Shareholding:** 3 528

**Independent/Not independent:** Independent of the Company and management, independent of the Company's major shareholders.

## MICHAEL M.F. KAUFMANN

**Board member since 2005, vice Chairman and member of the Remuneration Committee**

**Education:** MBA, Universities of Stuttgart and Erlangen-Nürnberg.



# BILLERUDKORSNÄS

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**Year born:** 1948

**Other assignments:** CEO of Frapag Beteiligungsholding AG. CEO, HKW Privatstiftung.

**Background:** Formerly held various managerial positions in Frantschach/Mondi, Vienna, Austria.

**Shareholding:** 9 500

**Independent/Not independent:** Independent of the Company and management, not independent of the Company's major shareholders.

## KRISTINA SCHAUMAN

**Board member since 2014, chairman of the Audit Committee**

**Education:** MSc in Economics and Business, Stockholm School of Economics

**Year born:** 1965

**Other assignments:** Board member of ÅF AB, Livförsäkringsbolaget Skandia, Orexo AB and Apoteket AB. Member of Advisory Board of Rädda Barnen (Save the Children Sweden).

**Background:** Various financial managerial positions in Stora Enso, ABB and Investor and top executive positions as CFO of OMX AB and Carnegie Bank.

**Shareholding:** -

**Independent/Not independent:** Independent of the Company and management, independent of the Company's major shareholders.

*Candidates nominated for new election:*

## ANDREA GISLE JOOSEN

**Education:** BSc. in Business Administration and an MSc. in International Marketing from Copenhagen Business School.

**Year born:** 1964

**Other assignments:** Non executive director at Dixons Carphone PLC, ICA Gruppen AB and Lighthouse Group AB.

**Background:** CEO of Boxer TV Access AB, managing director of the Nordic/Scandinavian operations of Panasonic, Chantelle and Twentieth Century Fox Home Entertainment. Senior positions with Johnson & Johnson and Procter & Gamble.

**Shareholding:** 500

**Independent/Not independent:** Independent of the Company and management, independent of the Company's major shareholders.

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*Information regarding shareholdings includes own and related parties' holdings as per 6 March 2015*

## TRANSLATION FROM THE SWEDISH ORIGINAL

### **Auditor's report in accordance with Chapter 8, Section 54 of the Swedish Companies Act (2005:551) on whether the guidelines adopted by the Annual General Meeting regarding remuneration to Group Executive Management have been complied with**

To the Annual General Meeting of BillerudKorsnäs AB (publ), corporate identity 556025-5001

We have examined whether the Board of Directors and the Managing Director of BillerudKorsnäs AB (publ), have, for the year 2014, complied with the guidelines on remuneration to Group Executive Management, adopted at the Annual General Meeting on 7 May 2013 and the Annual General Meeting on 6 May 2014, respectively.

#### ***Responsibilities of the Board of Directors and the Managing Director***

The Board of Directors and the Managing Director are responsible for compliance with the guidelines and for the internal control the Board of Directors and the Managing Director determine is necessary to ensure compliance with the guidelines.

#### ***Auditor's responsibility***

Our responsibility is to issue a report, based on our examination, to the Annual General Meeting regarding whether the guidelines have been complied with. The examination has been performed in accordance with FAR's recommendation RevR 8 *Granskning av ersättningar till ledande befattningshavare i aktiemarknadsbolag* (Examination of Remuneration to Group Executive Management in Listed Companies). Those standards require us to comply with the ethical requirements, and also to plan and perform the examination in such a manner that we may obtain reasonable assurance about whether the guidelines on remuneration have been complied with.

The examination has covered the company's organization and documentation of issues concerning remuneration for Group Executive Management, any and all new decisions concerning remuneration, as well as a selection of the financial year's payments to Group Executive Management. The procedures selected depend on the auditor's judgement, including the assessment of the risk that the guidelines have not, in all material respects, been complied with. In making this risk assessment, the auditor considers internal control relevant to the company's compliance with the guidelines in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We believe that our examination provides a reasonable basis for our conclusion.

#### ***Conclusion***

In our opinion the Board of Directors and the Managing Director of BillerudKorsnäs AB (publ) have, during the year 2014, complied with the guidelines on remuneration to Group Executive Management, which were adopted by the Annual General Meeting on 7 May 2013 and 6 May 2014, respectively.

Stockholm, 24 March, 2015

Ernst & Young AB

Martin Brenner  
Authorized Public Accountant



# BILLERUDKORSNÄS

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## **BillerudKorsnäs Nomination Committee's explanatory statement regarding the proposal for election of the Board of Directors at the Annual General Meeting 2015**

### BillerudKorsnäs Nomination Committee

In accordance with the resolution by the Annual General Meeting of BillerudKorsnäs on 6 May 2014, a Nomination Committee has been convened for the Annual General Meeting 2015, appointed by the major shareholders in the company. The Nomination Committee consists of: Michael M.F. Kaufmann, appointed by Frapag Beteiligungs Holding AG; Peder Hasslev, appointed by AMF Försäkring & Fonder; Lennart Francke, appointed by Swedbank Robur fonder; and Mats Hellström, appointed by Nordea fonder. Michael M.F. Kaufmann is the Chairman of the Nomination Committee, as he is appointed by the largest shareholder of BillerudKorsnäs. The four members of the Nomination Committee are appointed by shareholders that together represent approximately 35 per cent of the votes in BillerudKorsnäs

### The Nomination Committee's proposal for election of the Board

In view of the evaluation of the Board made by the Nomination Committee it is proposed by the Nomination Committee that the Board of BillerudKorsnäs shall have the following composition:

- The Board shall have eight members elected by the Annual General Meeting.
- All current Board members shall be re-elected.
- Andrea Gisle Joosen shall be elected as new member of Board.
- Lennart Holm shall be re-elected as Chairman of the Board.
- Michael M.F. Kaufmann shall be re-elected as Vice Chairman of the Board.

The Nomination Committee's proposal is thus that the following persons are elected to the Board of BillerudKorsnäs for a term of office until the end of the next Annual General Meeting:

- Lennart Holm, Chairman
- Michael M.F. Kaufmann, Vice Chairman
- Andrea Gisle Joosen
- Bengt Hammar
- Mikael Hellberg
- Jan Homan
- Gunilla Jönsson
- Kristina Schauman

### Explanatory statement

The Nomination Committee has held four formal meetings with additional contact between the meetings. As the basis for its work, the Nomination Committee has had, among others, an external evaluation of the Board and the Board's work, as well as interviews with candidates for the election of a new Board member.

In the nomination work for this year's Annual General Meeting, the Nomination Committee has made an assessment of the composition and size of the current Board as well as the BillerudKorsnäs' operations. Areas of particular interest have been BillerudKorsnäs strategies and goals and the demands on the Board that are expected from the group's positioning for the future. The Nomination Committee has found that the work within the Board is carried out well. However, the Nomination Committee has concluded that additional competencies and expertise within international marketing and e-commerce should be added to the Board.

The Nomination Committee considers that the proposed election of Andrea Gisle Joosen as new Board member will strengthen the Board's competence and experience regarding international marketing and e-commerce and will also bring complementary expertise regarding the retail sector and





# BILLERUDKORSNÄS

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consumer goods.

The Nomination Committee has found that the proposed Board has the competence and experience considered important to BillerudKorsnäs and that the composition and the size of the proposed Board is appropriate to meet BillerudKorsnäs' needs. In its work, the Nomination Committee has strived for gender equality and particularly discussed the importance of diversity on the Board with respect to gender, age, nationality, professional backgrounds and know-how. In the view of the Nomination Committee, the composition of the proposed Board is fit-for-purpose in this respect, as it reflects a wide range of backgrounds, and a mix of men and women with relevant experience and expertise to match the future positioning of the Company.

Finally, it is noted that the Nomination Committee has found that the proposed Board is considered to be in compliance with relevant requirements for independence.

#### Information about the proposed members of the Board

Detailed information about all persons proposed as members of the Board of BillerudKorsnäs, including the Nomination Committee's assessment of each member's independence, can be found on the Company's website at [www.billerudkorsnas.se](http://www.billerudkorsnas.se).

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March 2015

THE NOMINATION COMMITTEE  
BILLERUDKORSNÄS AB (PUBL)

*This is an in-house translation. In case of any discrepancies between the Swedish original and this translation, the Swedish original shall prevail.*



## BILLERUDKORSNÄS

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### **Report by the Board of BillerudKorsnäs AB (publ) in accordance with Section 10.3 of the Swedish Code of Corporate Governance, for the Annual General Meeting 2015, regarding the Remuneration Committee's evaluation**

#### **Introduction**

The Remuneration Committee, which is established by the Board of BillerudKorsnäs AB (publ) ("BillerudKorsnäs"), monitors and evaluates annually the current remuneration structures and remuneration levels in the company. The Remuneration Committee also monitors and evaluates ongoing and completed programs for variable remuneration as well as the application by the Annual General Meeting's adopted guidelines for remuneration to senior executives ("Guidelines"). The Board of BillerudKorsnäs hereby provides, in accordance with section 10.3 of the Swedish Code of Corporate Governance, its report on the results of the evaluation performed by the Remuneration Committee.

Remuneration of the CEO and other members of the senior management team consists of fixed salary, variable remuneration, long-term share based incentive programs and other benefits such as company cars and pension schemes. This form of remuneration is intended to motivate the senior management team to do their utmost to ensure the company's and the shareholders' interests.

#### **Variable remuneration**

The variable remuneration of the BillerudKorsnäs senior management team consists of a short-term cash based variable remuneration program and a long-term share based incentive program.

The short-term cash based variable remuneration models run for one financial year at the time and are based on predetermined, measurable financial and individual goals considering competence, area of responsibility and historical performance. At the end of the term, the individual manager's performance is evaluated from the predetermined objectives. The variable cash based remuneration is paid only if the company's operating result is positive and shall be a maximum of a fixed percentage of the annual fixed salary and can according to the applicable Guidelines vary between 30% and 70%.

For 2014, a one-time extraordinary bonus for reaching predetermined synergies targets following the combination between Billerud and Korsnäs was awarded to all employees of the company. The extraordinary bonus was capped at a maximum payout of 50 MSEK.

The company currently has three existing long-term share based incentive programs, adopted by the 2012 Annual General Meeting ("LTIP 2012"), the 2013 Annual General Meeting ("LTIP 2013") and the 2014 Annual General Meeting ("LTIP 2014"). The programs are in all material respects based on the same principles. LTIP 2012 includes 16 persons, LTIP 2013 includes 24 persons and LTIP 2014 includes 68 persons, which all are executive officers, key employees or talents in the BillerudKorsnäs Group, identified as essential to the future development of the BillerudKorsnäs Group. In order to participate, the participants must invest in own BillerudKorsnäs shares. The programs have a vesting period of three years and are based on the condition of continued employment and investment and the fulfillment of certain pre-determined financial and share price related performance criteria. Provided these conditions are met, participants may at the end of the vesting period be allotted shares in BillerudKorsnäs free of charge, in proportion to their own initial investment in BillerudKorsnäs shares.

For further information about the long-term share based incentive programs, please refer to the company's annual report and information on the company's website.



## **Evaluation of programs for variable remuneration**

As regards the short-term cash based variable remuneration in 2014 for the CEO and other members of the senior management team, the Remuneration Committee has evaluated the objectives and target areas of 2014 in respect of the variable remuneration. In 2014, the outcome of the variable cash based remuneration was 43.5 per cent for the CEO and 29.75 per cent on average for the senior management team. Including the extraordinary bonus the variable cash based remuneration was 63.2 per cent for the CEO and 43.4 per cent for the senior management team.

In 2014, the Remuneration Committee carried out an evaluation of the long-term share based incentive programs. The evaluation shows that the pre-determined financial and share price related performance criteria for the programs are considered as relevant, albeit communication is the key towards aligning the participants' interests and perspectives with those of the shareholders. In light of this evaluation, the Remuneration Committee considers that long-term share based incentive programs strengthen BillerudKorsnäs's capability to retain the best talents for key leadership positions and encourage participants to increased efforts by aligning their interests and perspectives with those of the shareholders. On the basis of the Remuneration Committee's evaluation, the Board can thus lay down that the existing programs for variable remuneration are appropriately designed and has therefore proposed to the 2015 Annual General Meeting to introduce a new long-term share based incentive program ("LTIP 2015") based on, essentially, the same principles as the other long-term share based incentive programs.

## **Evaluation of guidelines for remuneration to senior executives**

As regards the application of the Guidelines, the Remuneration Committee has found that the Guidelines have been appropriate and applied in accordance with their terms during 2014.

The company's auditor has provided a statement to the Board that BillerudKorsnäs has complied with the Guidelines as resolved by the 2013 and 2014 Annual General Meetings.

## **Compensation structures and compensation levels**

The Remuneration Committee has established that the structures and levels of remuneration applied in the company have been in accordance with the market and thus provide the pre-conditions necessary to recruit and retain a senior management with high competence and skills to achieve the goals which have been set.

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BillerudKorsnäs Aktiebolag (publ)  
The Board of Directors  
March 2015