



BILLERUDKORSNÄS

# BILLERUDKORSNÄS' ANNUAL GENERAL MEETING 2016

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# WELCOME TO BILLERUDKORSNÄS ANNUAL GENERAL MEETING 2016

## Notice and documentation to the meeting

The shareholders of BillerudKorsnäs AB (publ) are hereby invited to attend the annual general meeting, to be held on Tuesday 10 May 2016 at 3.00 p.m. at Hotel Rival, Mariatorget 3, in Stockholm, Sweden. The premises for the meeting will be open for registration at 2.00 p.m. Coffee will be served prior to the commencement of the meeting.

Notice of attendance at the meeting shall be given no later than Tuesday 3 May 2016, see next page in this document for further information on how you notify your intention to attend.

### THE AGENDA ITEMS IN BRIEF

The board's proposed agenda for the annual general meeting and the complete proposals under each agenda item are stated in this document. The following is a brief summary of the agenda items.

#### Annual report, dividend and discharge of liability for 2015

- The meeting shall adopt the annual report for 2015. The annual report is available on the company's website [www.billerudkorsnas.se/en/Investor-Relations/](http://www.billerudkorsnas.se/en/Investor-Relations/) under the heading "Financial reports".
- The meeting shall resolve upon the disposition of the year's profit. The board proposes a dividend of SEK 4.25 per share for 2015 with payout to the shareholders on 17 May 2016.
- The meeting shall resolve whether or not to discharge the members of the board and the CEO of liability for 2015.

#### Election of board and auditor, as well as remuneration to the board and auditor and procedure for appointing the nomination committee

- The meeting shall elect the company's board. The nomination committee proposes re-election of the current board for one more year. No new board members are proposed by the nomination committee.
- The meeting shall resolve on remuneration to the board and auditor. The nomination committee proposes an increase of the remuneration to the board, unchanged remuneration for committee work and that the auditor's fee shall be paid in accordance with approved invoices.
- The meeting shall elect the company's auditor. The nomination committee proposes that KPMG AB is elected as auditor for one more year. Ingrid Hornberg Román will be the auditor-in-charge in case KPMG AB is elected.
- The meeting shall adopt a procedure for appointing the nomination committee for upcoming annual general meetings.

#### Guidelines for remuneration to senior executives and a long term share based incentive program

- The meeting shall adopt guidelines for remuneration to the company's senior executives.
- The meeting shall consider the board's proposal to introduce a long term share based incentive program for a maximum of 100 of the company's executive officers, other key personnel and talents. The program is based on similar principles as the previous years' share based incentive programs, but with some amendments regarding performance conditions etc.

At the meeting, the company's CEO, Per Lindberg, will give a presentation and inform about BillerudKorsnäs' business operations. In connection with the presentation, the shareholders will be given the opportunity to ask questions. After the meeting, the CEO's presentation will be available at the company's website [www.billerudkorsnas.se/en/About-Us/Corporate-Governance/](http://www.billerudkorsnas.se/en/About-Us/Corporate-Governance/) under the heading "General Meetings".

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Solna in April 2016

*The Board of Directors*

This English version is a translation of the original Swedish version

# Information about registration to the annual general meeting etc.

## NOTIFICATION

Shareholders who wish to attend the annual general meeting must give notice of their attendance to the company no later than on Tuesday 3 May 2016 and be recorded in the share register (maintained by Euroclear Sweden) on Tuesday 3 May 2016 (the so called "Record Date"). Notice may be submitted:

- by mail to BillerudKorsnäs AB (publ), "AGM", Box 7841, 103 98 Stockholm; or
- by telephone to +46 8-402 90 62; or
- on [www.billerudkorsnas.se/en/About-Us/Corporate-Governance/](http://www.billerudkorsnas.se/en/About-Us/Corporate-Governance/) under the heading "General Meetings".

The notification shall state the name and should in addition thereto state the personal / company registration number, address, telephone number and the number of any advisors (not more than two). Entrance cards, which shall be presented at the entrance to the Meeting venue, will be sent out from 4 May 2016.

## NOMINEE-REGISTERED SHARES

Shareholders whose shares are nominee-registered must – in addition to giving notice of their attendance – temporarily re-register the shares in their own name at Euroclear Sweden. Such re-registration should be requested at the nominee well before the Record Date (i.e. well before 3 May 2016).

## PROXIES

Shareholders may attend the annual general meeting represented by a proxy or representative. Shareholders who wish to exercise this possibility should well before the Meeting, preferably no later than 3 May 2016, submit a power of attorney, registration certificate or other documents of authority to the company at the following address BillerudKorsnäs AB (publ), "AGM", Box 7841, 103 98 Stockholm. A template proxy form can be downloaded on the company's website, [www.billerudkorsnas.se/en/About-Us/Corporate-Governance/](http://www.billerudkorsnas.se/en/About-Us/Corporate-Governance/) under the heading "General Meetings".

## DOCUMENTATION

All documentation that serve as a basis for the resolutions at the annual general meeting, except for the annual report, can be found in this document. All documentation, including the annual report, is available, as of today, on the company's website, [www.billerudkorsnas.se/en/About-Us/Corporate-Governance/](http://www.billerudkorsnas.se/en/About-Us/Corporate-Governance/) under the headings "General Meetings" and "Financial reports". The documentation is also available at the company's office on Frösundaleden 2 B, Solna, Sweden. Shareholders that wish to have the documentation sent by mail may contact the company by telephone +468 402 90 62 and state their postal address and the documentation will be sent by mail.

## NUMBER OF SHARES

At the time of the issuance of this notice there were 208,219,834 shares in the company representing one vote each. Thus the total number of votes was 208,219,834. The company owned 1,268,682 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 was therefore 206,951,152.

## INFORMATION ON THE SHAREHOLDERS RIGHT TO REQUEST INFORMATION

Upon request by any shareholder and where the board deems it possible without causing significant harm to the company, the board and the CEO shall, at the meeting, provide information in respect of any circumstances which may affect the assessment of a matter on the agenda and/or any circumstances which may affect the assessment of the company's financial position. This obligation to provide information shall also apply to the company's relationship to other group companies, group accounts and such circumstances regarding subsidiaries as specified in the previous sentence.



## 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 2015 financial year.
8. Report on the work of the board and board committees during the past year.
9. Presentation by the CEO.
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 2015,
  - (b) the disposition of the company's profits based on adopted balance sheet for 2015 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 2015.
11. Report of the nomination committee's work and proposals.
12. Resolution on number of board members to be elected by the meeting.
13. Resolution on remuneration for board members and committee work and on fees for auditors.
14. Election of board members:
  - (a) Andrea Gisle Joosen (re-election, proposed by the nomination committee),
  - (b) Bengt Hammar (re-election, proposed by the nomination committee),
  - (c) Mikael Hellberg (re-election, proposed by the nomination committee),
  - (d) Jan Homan (re-election, proposed by the nomination committee),
  - (e) Lennart Holm (re-election, proposed by the nomination committee),
  - (f) Gunilla Jönson (re-election, proposed by the nomination committee),
  - (g) Michael M.F. Kaufmann (re-election, proposed by the nomination committee), and
  - (h) Kristina Schauman (re-election, proposed by the nomination committee).
15. Election of chairman of the board and vice chairman of the board.
16. Election of auditor.
17. Resolution on adoption of procedures for appointment of the nomination committee.
18. The board's proposal regarding guidelines to senior executives.
19. The board's proposal regarding
  - (a) long term share based incentive program for 2016, and
  - (b) transfer of own shares.
20. Resolution on proposals (a)-(o) from shareholder.
21. Closing of the meeting.

# Complete proposals

## The nomination committee's proposals and motivated statement

### COMPOSITION OF THE NOMINATION COMMITTEE

The nomination committee in BillerudKorsnäs consists of members appointed by the company's four largest shareholders, and jointly represents approximately 30 per cent of the votes in BillerudKorsnäs:

- Michael M.F. Kaufmann, appointed by Frapag Beteiligungsholding AG
- Peder Hasslev, appointed by AMF Försäkring & Fonder
- Lennart Francke, appointed by Swedbank Robur fonder
- Pia Axelsson, appointed by Fjärde AP-fonden.

Michael M.F. Kaufmann, who has been appointed by the company's largest shareholder, is the Chairman of the nomination committee.

### THE NOMINATION COMMITTEE'S PROPOSAL OF CHAIRMAN OF THE MEETING (AGENDA ITEM 2)

The nomination committee proposes that Wilhelm Lünig is elected to be the chairman of the meeting. Wilhelm Lünig is a lawyer at Advokatfirman Cederquist in Stockholm.

### THE NOMINATION COMMITTEE'S MOTIVATED STATEMENT PRIOR TO THE MEETING'S ELECTION OF BOARD

In accordance with rule 2.6 and 4.1 in the Swedish corporate governance code the nomination committee gives the following statement prior to the annual general meeting's election of the board.

The nomination committee was convened during the fall of 2015 and has since then prepared its proposals for election of chairman of the meeting, election of the board, election of auditor and remuneration to the board and the auditor etc. The nomination committee has held physical meetings and in addition to that a number of phone and e-mail conversations.

As the basis for its work and decisions, the Chairman of the board has presented a summary of the company's operations, targets and strategies and the work of the board during the previous year. The nomination committee has also received a copy of the outcome of the board's annual evaluation of itself and its work. The members of the nomination committee that are not also members of the board have furthermore conducted one-on-one interviews with selected board members and have met with the company's CEO, who presented the company's business. The nomination committee has thus been able to conclude that the results from the board evaluation matched the picture presented by individual board members in the one-on-one interviews and that the board's work during the past year has functioned well, with a high level of engagement and attendance. An assessment has also been made in respect of each member's ability to devote the board engagement sufficient time and commitment.

In its work prior to 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 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 and that the board has, jointly, the relevant knowledge and experience to govern the development of BillerudKorsnäs.

The nomination committee is of the opinion that the proposed board represents broad competence and experience with industrial, financial, marketing, academic as well as research and development expertise and also has a broad knowledge of the conditions characterizing the international markets where BillerudKorsnäs is



present. The nomination committee considers the composition and the size of the proposed Board appropriate to meet BillerudKorsnäs' needs. In its work, the nomination committee has also considered the need for diversity in the board with respect to gender, age, professional backgrounds and know-how.

The nomination committee notes that three of the eight nominated candidates are women, which exceeds the target set by the Swedish corporate governance board for 2017 (which is 35 per cent gender diversity). The nomination committee considers, even so, that it is important to continue its work with the aim of increasing the gender diversity of BillerudKorsnäs' board well ahead of the Swedish corporate governance board target of 40 per cent gender equality by 2020.

In the view of the nomination committee, the composition of the proposed board 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. The proposed board further complies with relevant requirements for independence.

## **THE NOMINATION COMMITTEE'S PROPOSAL FOR ELECTION OF THE BOARD (ITEMS 12, 14 (A)-(H) AND 15 ON THE AGENDA)**

In view of the above the nomination committee proposes the following.

- The board shall also during next year (i.e. for the period until the end of the next annual general meeting) consist of eight members (item 12 on the agenda).
- All board members shall be re-elected by the annual general meeting until the end of the next annual general meeting (item 14 (a)-(h) on the agenda), which means that the following persons shall be elected to be members of the board; Andrea Gisle Joosen, Bengt Hammar, Mikael Hellberg, Jan Homan, Lennart Holm, Gunilla Jönson, Michael M.F. Kaufmann and Kristina Schaman.

The nomination committee also 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 (item 15 on the agenda).

Detailed information about all persons proposed as members of the board of BillerudKorsnäs, including the nomination committee's assessment of each member's independence is attached to this document and can be found on the company's website at [www.billerudkorsnas.se/en/About-Us/Corporate-Governance/](http://www.billerudkorsnas.se/en/About-Us/Corporate-Governance/) under the heading "General Meetings".

## **THE NOMINATION COMMITTEE'S PROPOSAL ON FEES FOR BOARD AND COMMITTEE WORK AND FEES FOR AUDITORS (ITEM 13 ON THE AGENDA)**

The nomination committee proposes, for the period until the close of the next annual general meeting, the following fees to the board members and members of the board committees (i.e. an increase of fees to board members but unchanged fees to members of the board committees):

- SEK 1,200,000 to the chairman of the board (2015: SEK 1,100,000),
- SEK 800,000 to the vice chairman of the board (2015: SEK 750,000),
- SEK 475,000 to each of the other board members (2015: SEK 450,000),
- SEK 150,000 to the chairman of the board's audit committee (2015: SEK 150,000),
- SEK 75,000 to each of the other members of the board's audit committee (2015: SEK 75,000),
- SEK 50,000 to the chairman of the board's remuneration committee (2015: SEK 50,000),
- SEK 25,000 to each of the other members of the board's remuneration committee (2015: SEK 25,000),  
and
- SEK 50,000 to each member of the board's investment committee (2015: SEK 50,000).

The proposed increase of board compensation for 2016 is part of a market adjustment of the fees, which have been unchanged since 2014. As a basis for the proposal, the nomination committee has inter alia compared with increases of board compensation in other companies on Nasdaq Stockholm. In order for BillerudKorsnäs' board remuneration to be in line with comparable Swedish listed companies' long term the nomination committee may propose increases of the board fee also on up-coming annual general meetings.

The nomination committee proposes that the auditor's fee shall be paid in accordance with approved invoices.

## **THE NOMINATION COMMITTEE'S PROPOSAL REGARDING ELECTION OF AUDITOR (ITEM 16 ON THE AGENDA)**

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 2017 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.

## **THE NOMINATION COMMITTEE'S PROPOSAL ON PROCEDURES FOR APPOINTMENT OF THE NOMINATION COMMITTEE (ITEM 17 ON THE AGENDA)**

The nomination committee proposes that the procedures for the appointment of the nomination committee for the 2017 annual general meeting shall be as follows, and that this procedure shall thereafter apply until a resolution regarding change of the procedure for appointing the nomination committee is resolved by the general meeting:

The nomination committee shall comprise of four (4) members. During September the chairman of the board 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 annual general meeting and be based upon the known shareholding as per the last trading day in August. 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 annual general meeting:

- proposal for chairman of the meeting,
- proposal for number of board members,
- proposal for nomination of board members, chairman and vice chairman of the board,
- proposals for nomination of auditors,
- proposals for board fees and distribution between chairman of the board, vice chairman and other members, and possible remuneration for committee work,
- proposal for fees to auditors, and
- proposal for procedures for appointing the nomination committee (if applicable).

The nomination committee shall make available the requisite information to BillerudKorsnäs so that BillerudKorsnäs can meet the information requirements of the Swedish corporate governance code. Furthermore, the nomination committee shall in performing its duties meet the requirements set by the Swedish corporate governance code 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.



## The board's proposals, statements and reports

### **THE BOARD'S PROPOSAL REGARDING DIVIDEND (ITEM 10 B) ON THE AGENDA)**

The board makes the following proposal regarding dividend, and motivated statement in accordance with Chapter 18 Section 4 of the Swedish Companies Act.

The non-restricted shareholders' equity in the parent company amounted to SEK 5,576,754,254 on 31 December 2015. The board of BillerudKorsnäs proposes that the dividend for 2015 shall be SEK 4.25 per share, amounting to a total of SEK 879,542,396. The total dividend based on the proposal of the board of BillerudKorsnäs corresponds to approximately 49 per cent of the group's net profit. The remaining amount is proposed to be carried forward in a new account. The reasons for this proposal are the following:

According to BillerudKorsnäs's financial targets, the dividend shall amount to 50 per cent of the net profit per share over a business cycle and the net debt/equity ratio shall be lower than 0.9 times. At the end of 2015 BillerudKorsnäs' net debt/equity ratio was 0.4 which is lower than target. The board of BillerudKorsnäs proposes that of the year's profit of SEK 8.75 per share, a dividend of SEK 4.25 per share shall be paid to the shareholders and that the remaining amount shall be carried forward in a new account.

The board of BillerudKorsnäs considers the proposed dividend justified taking into consideration;

- the required level of shareholders' equity imposed as a result of the nature, scope and risks associated with the operations of BillerudKorsnäs (and also the BillerudKorsnäs group), and
- the company's and the group's consolidation needs, liquidity and financial position in general.

The board proposes a dividend of SEK 4.25 per share and that the record date for the dividend shall be Thursday 12 May 2016. If the meeting resolves in accordance with the board's proposal, the dividend is estimated to be paid out by Euroclear Sweden on Tuesday 17 May 2016.

### **INFORMATION IN PREPARATION OF THE ANNUAL GENERAL MEETING'S RESOLUTION ON ADOPTION OF GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES AND SHARE BASED INCENTIVE PROGRAM**

Under items 18 and 19 on the agenda, the board makes two proposals regarding remuneration. Item 18 refers to the adoption of guidelines for remuneration to senior executives and item 19 refers to the proposed long term share based incentive program.

BillerudKorsnäs endeavours to attract, retain and develop talent by means of competitive remuneration. The group's short- and long-term incentive plans are closely linked to the company's strategic and financial targets and are designed to deliver sustainable value for shareholders and support the achievement of the company's strategy. Please refer to BillerudKorsnäs' annual report for 2015 or the company website [www.billerudkorsnas.se/en/About-Us/Corporate-Governance/](http://www.billerudkorsnas.se/en/About-Us/Corporate-Governance/) under the headings "Long term incentive programs" and "Remuneration" for a description of the remuneration conditions, outstanding share based incentive programs and other remunerations in BillerudKorsnäs. In addition to the programs described, there is no other share or share-price related incentive programs in BillerudKorsnäs.



## MONITORING AND EVALUATION OF REMUNERATION STRUCTURES ETC.

The following is the board's report of the results of the remuneration committee's monitoring and evaluation of the current remuneration structure and levels of remuneration in the company in accordance with rule 9.1 and 10.3 in the Swedish corporate governance code. The remuneration committee also monitors and evaluates ongoing, and during the year completed, programs concerning variable remuneration and the application of the guidelines approved at the annual general meeting concerning remuneration to the senior executives.

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. An evaluation of variable cash based remuneration is made at the end of each year. 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 per cent and 70 per cent.

As regards the short-term cash based variable remuneration in 2015 for the CEO and other members of the senior management team, the remuneration committee has evaluated the performance criteria and target areas of 2015 in respect of the variable remuneration. The outcome of the variable cash based remuneration was 47.97 per cent of the annual base salary for the CEO and 26.98 per cent of the annual base salary on average for the senior management team.

Since 2010, BillerudKorsnäs has offered senior executives and other key individuals participation in long term share based incentive programs. These programs have been approved by the annual general meetings of shareholders. The programs have a vesting period of three years and are based on the condition of continued employment and investment in BillerudKorsnäs' shares 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.

Performance under these programs is continuously monitored. During 2015 the remuneration committee also initiated a thorough evaluation of the long term share based incentive programs together with an external advisor. The evaluation was made from different perspectives; among other things that the participants' shall be motivated to have aligned interest with the shareholders and the aim to simplify the program. The current structure of the long-term share based incentive program is assessed to fulfill most of the reasons for having a share based incentive for the employees. Therefore, the board has proposed a program with a similar structure as existing programs. In order to further contribute to recruiting, motivating and retaining senior executives, key employees and talents in BillerudKorsnäs, and to align the employees' interests and awards with the shareholders' return, the board proposes simplifications of the program's criteria for measuring performance, that the criteria for measuring performance is decreased from three to two and that the maximum number of participants is increased from 75 to 100.

As regards the application of the guidelines for remuneration to senior executives, as adopted by the annual general meeting, these are evaluated continuously. In order to carry out the evaluation, the remuneration committee collects information from the CEO, from the HR manager and from external advisors. Information from external sources is gathered to ensure that remunerations in BillerudKorsnäs are in line with market conditions and are competitive.

The remuneration committee has found that the guidelines for remuneration to senior executives, as adopted by the annual general meeting have been appropriate and applied in accordance with their terms during 2015. The company's auditor has given a statement to the annual general meeting that BillerudKorsnäs has complied with the guidelines as resolved by the 2014 and 2015 annual general meetings. This statement is attached to this document.

The remuneration committee assesses that the structures and levels of remuneration applied in the company have been in-line with market conditions and thus provide the conditions necessary to recruit and retain a senior management with high competence and skills to achieve the goals which have been set.

The board assesses, e.g. based on the monitoring and evaluation that the remuneration committee has made, that the proposals that the board put to the 2016 annual general meeting under item 18 and 19 are a well-balanced composition of fixed salary, variable remuneration, long term share based incentive programs and other benefits such as company car and pension.



## **THE BOARD'S PROPOSAL FOR ADOPTION OF GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES (ITEM 18 OF THE AGENDA)**

The board proposes that the meeting resolves upon the adoption of the following guidelines for remuneration to the executive officers in the group.

Executive officers are the CEO, the Executive Vice President and the other members of the senior management team.

BillerudKorsnäs shall apply remuneration levels and employment terms that are in line with market practice in order to recruit and maintain a management team with a high level of competence and the capability of achieving established goals. The remuneration shall motivate executives to do their utmost to secure the shareholders' interests. The 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 salaries shall be set in relation to competence, area of responsibility and performance. The variable remuneration is based on outcomes in relation to established goals and shall be set to a maximum of a fixed percentage of the annual fixed salary and may vary between 30 per cent and 70 per cent. However, the variable remuneration shall only be paid on condition that the company's operating result is positive. Long term incentive programs in 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 accounts and website.

Pension benefits shall both be defined-benefit or defined-contribution, and normally entitle to pension from the age of 65. In some cases the retirement age may be lower, although 62 is the lowest age of retirement. Six to twelve months is the normal notification period for termination of employment, and severance pay shall be set to a maximum of 12 months' salary in the event that the employment is terminated by the company.

Remuneration and employment terms for the CEO are prepared by the remuneration committee and resolved upon by the board. Remuneration and employment terms for members of the senior management team are resolved upon by the CEO, subject to the approval of the remuneration committee.

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 board of BillerudKorsnäs has the right to deviate from these guidelines in individual cases in the event of special reason granting such deviation.

## **THE BOARD'S PROPOSAL REGARDING A LONG TERM SHARE BASED INCENTIVE PROGRAM FOR 2016 (ITEM 19 (A) ON THE AGENDA)**

The board proposes that the meeting resolves to introduce a long term share based incentive program ("LTIP 2016") as follows.

In order for a resolution regarding LTIP 2016 to be valid the board's proposal must be supported by more than one-half of the votes cast.

### **LTIP 2016 in brief**

The board's main objective with the proposal of LTIP 2016 is to strengthen BillerudKorsnäs' ability to attract, motivate and retain the best individuals for key leadership positions. The aim is further that executive officers as well as other key personnel 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 2016 comprises up to 100 executive officers, other key personnel and talents within the BillerudKorsnäs group. A condition to participate in LTIP 2016 is that the participants must own BillerudKorsnäs shares. The shares could either be previously held (provided that they are not already allocated to the long term share based incentive programs adopted 2014 or 2015) or purchased on the market. Notification of participation in LTIP 2016 shall occur after the annual general meeting 2016. 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 2019, be allotted BillerudKorsnäs shares, free of charge, provided that certain conditions are fulfilled.

## **Participants in LTIP 2016**

LTIP 2016 comprises up to 100 persons consisting of the CEO, the Executive Vice President and the other members of the Senior Management Team, other key personnel and talents within the BillerudKorsnäs group.

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

To participate in LTIP 2016, the participants must purchase BillerudKorsnäs shares at market price on Nasdaq Stockholm and allocated them to LTIP 2016 ("Saving Shares"). Previously held BillerudKorsnäs shares (which are not already allocated to the long term share based incentive programs 2014 or 2015) may be used as Saving Shares. Saving Shares shall be allocated to LTIP 2016 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 2016, 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 (27 executive officers and other key persons in BillerudKorsnäs) are offered to allocate Saving Shares to the LTIP 2016, not exceeding a number equal to 10 per cent of the participant's gross base salary as per year end 2015 divided by the closing price of the BillerudKorsnäs share per the last trading day of 2015 (SEK 157.20) (the "Closing Price"). Participants in Category 4 (70 key personnel and talents in BillerudKorsnäs) are offered to allocate no more than 500 Saving Shares to LTIP 2016. New personnel 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 2016, be offered to participate in LTIP 2016, if the board or the remuneration committee deems it to be in line with the purpose of the program.

## **Matching share rights**

For each Saving Share that the participant invests in and allocates to LTIP 2016, 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 2019.

For one-half (50 per cent) 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 financial years 2016-2018 exceeds zero (0) per cent.



## Performance share rights

For each Saving Share that the participant invests in and allocates to LTIP 2016, 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 2016 and the Executive Vice President and the CFO (Category 2) will be allotted 4 performance share rights for each Saving Share allocated to LTIP 2016.

The performance share rights are divided into two series, series A and B. 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 series A and 2 performance share rights of series B. For the CEO (Category 1) each Saving Share entitles to 2 performance share rights of series A and 3 performance share rights of series B. For the Executive Vice President and the CFO (Category 2) each Saving Share entitles to 1.5 performance share rights of series A and 2.5 performance share rights of series B.

The allotment of BillerudKorsnäs shares due to performance share rights of series A and B 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 are different for series A and series B, respectively, but both are based on financial goals during the financial years 2016-2018 (the "Measurement Period"). The board intends to present whether the conditions have been fulfilled in the annual report of 2018.

*Series A* The performance condition for the performance share rights of series A relate to BillerudKorsnäs' organic growth for the Measurement Period (i.e. growth under the measurement period adjusted for additions and deductions in amounts corresponding to the sales revenues of acquired or divested businesses). The maximum level of allotment pursuant to this performance condition is an organic growth of 4 per cent and the minimum level an organic growth exceeding 2 per cent. If the organic growth amounts to the maximum level of 4 per cent or more, maximum allotment of 1 BillerudKorsnäs share per performance share right of series A shall be made. If the organic growth should be lower than 4 per cent, but exceeding the minimum level of 2 per cent, the allotment will be made on a linear basis on intermediate values. If the organic growth amounts to 2 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' average adjusted EBITDA margin for the Measurement Period. The maximum level of allotment under the performance condition is an adjusted EBITDA margin of 18 per cent and the minimum level of allotment is an adjusted EBITDA margin exceeding 15 per cent. If the adjusted EBITDA margin amounts to the maximum level of 18 per cent or more, maximum allotment of 1 BillerudKorsnäs share per performance share rights of Series B shall be made. If the adjusted EBITDA margin should be lower than 18 per cent, but exceeding the minimum level of 15 per cent, the allotment will be made on a linear basis on intermediate values. If the adjusted EBITDA Margin amounts to 15 per cent or less, the performance share rights of Series B 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 2016.
- 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 2019.
- BillerudKorsnäs will make no compensations to the participants of LTIP 2016 due to dividend regarding the shares that the respective share right entitles to.
- The maximum profit per participant is limited to SEK 550 per share right, equal to a maximum of approximately 25 monthly salaries for Category 1, approximately 21 monthly salaries in average for Category 2, approximately 17 monthly salaries in average for Category 3 and approximately 22 monthly salaries for Category 4. In the event that the profit, when calculating the allotment according to LTIP 2016, should exceed the limit of SEK 550 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, or the remuneration committee, shall be responsible for determining the detailed terms and administration of LTIP 2016 to be applicable between BillerudKorsnäs and the participant, however within the framework of the scope and guidance given in this resolution. The board or the remuneration committee shall be authorised to make adjustments to fulfill certain rules or market conditions in other jurisdictions. If delivery of shares cannot be accomplished at reasonable costs and with reasonable administrative efforts to persons outside Sweden, the board 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 2016 no longer fulfills the main objectives.

## Scope

In total, LTIP 2016 comprises a maximum of 72,110 Saving Shares, which can lead to allotment of in total a maximum of 305,202 BillerudKorsnäs shares (a maximum of 72,110 due to matching share rights and a maximum of 233,092 due to the performance share rights), which correspond to approximately 0.15 per cent of the number of outstanding shares and votes in BillerudKorsnäs.

The number of shares included in the LTIP 2016 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, according to accepted practice for similar incentive programs.

In total, LTIP 2016 comprises a maximum of 305,202 BillerudKorsnäs shares. On 10 March 2016, the previously adopted long term incentive programs, LTIP 2013, LTIP 2014 and LTIP 2015, comprised a maximum of 797,605 BillerudKorsnäs shares. LTIP 2016 together with LTIP 2013, LTIP 2014 and LTIP 2015 would entail a dilution of shares of approximately 0.53 per cent of the number of outstanding shares and votes in BillerudKorsnäs.

## Delivery of shares under LTIP 2016

The board has considered two alternative hedging methods for delivering BillerudKorsnäs shares to the participants, subject to the terms and conditions of LTIP 2016; either (i) to transfer shares held by the company itself to participants, free of charge, according to item 19 (b) or (ii) to enter into an agreement with a bank that will be able to, in its own name, acquire and transfer BillerudKorsnäs shares. The board considers the first alternative as its preferred option. However, should the annual general meeting not approve the proposed transfer of own shares in accordance with the proposal in item 19 (b), the board may enter into a hedging arrangement with a third party to hedge the obligations of BillerudKorsnäs to deliver shares under LTIP 2016 as set out above.

## Estimated costs and values of LTIP 2016

The board has estimated the average value of each share right to SEK 111.20. The estimation is based on generally accepted valuation models using the closing price for the BillerudKorsnäs share on 10 March 2016, statistics on the share price development as well as projected dividends. The aggregate estimated value of the 72,110 matching share rights and 233,092 performance share rights, based on approximately 50 per cent fulfilment of the performance conditions and estimations on turnover of personnel, is approximately MSEK 17.6. The value is equivalent to approximately 0.06 per cent of the market capitalisation for BillerudKorsnäs as of 10 March 2016. The costs are treated as a staff cost in the profit and loss accounts and it is expensed over 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 2016 including social security costs is approximately MSEK 25.6, which on a yearly basis equals to approximately 0.3 per cent of BillerudKorsnäs' total staff costs for the financial year 2016. The maximum cost for LTIP 2015, based on these assumptions, is estimated to be approximately MSEK 84.3, whereof MSEK 50.4 in social security costs.



## Effects on key ratios

In the event of full participation in LTIP 2016, BillerudKorsnäs' staff cost is expected to increase with approximately MSEK 8.5 annually. On a proforma basis for 2016, this cost equals a marginal negative effect on BillerudKorsnäs' operating margin and earnings per share.

However, the board 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 be further increased by the shareholding in LTIP 2016, exceed the costs.

## The preparation of the proposal

LTIP 2016, which is based on the previous year's long term incentive programs, has been initiated and prepared by the BillerudKorsnäs' remuneration committee and board together with external advisors.

## THE BOARD'S PROPOSAL FOR RESOLUTION ON TRANSFER OF OWN SHARES HELD IN TREASURY (ITEM 19 (B) ON THE AGENDA)

The board proposes that the annual general meeting resolves upon a transfer of a maximum of 305,202 BillerudKorsnäs shares held in treasury to the participants in LTIP 2016 (or the higher number of shares that may result from a recalculation under the terms of the LTIP 2016). Transfer of shares to the participants shall be made free of charge in accordance with the terms of LTIP 2016. The reasons for deviating from the shareholders' preferential right are the same as the reasons motivating adoption of LTIP 2016.

In order for a resolution regarding transfer of own shares to the participants in LTIP 2016 in accordance with 19 (b) to be valid the board's proposal must be supported by shareholders representing at least nine-tenths of both the votes cast and the shares represented at the Meeting.

# Shareholders' proposals

## PROPOSALS FROM SHAREHOLDER (ITEM 20 (A)-(O) ON THE AGENDA)

Shareholder Thorwald Arvidsson proposes that the meeting resolve upon the following items:

- (a) to adopt a zero tolerance vision regarding workplace accidents in the company;
- (b) to assign to the board of the company to establish a working group to achieve this zero tolerance vision;
- (c) to annually submit a report in writing on the result to the annual general meeting, e.g. by including the report in the printed version of the annual report;
- (d) to adopt a vision on absolute equality between men and women on all levels within the company;
- (e) to assign to the board of the company to establish a working group with the task to achieve this vision long term as well as closely monitoring the development in the areas of equality with regards to gender and ethnicity;
- (f) to annually submit a report in writing to the annual general meeting, e.g. by including the report in the printed version of the annual report;
- (g) to assign to the board to take necessary actions to establish a shareholders' association amongst the shareholders in the company;
- (h) not let board members invoice their board remuneration through a legal person, Swedish or foreign;
- (i) that the nomination committee when performing its assignment shall particularly pay attention to questions related to ethics, gender and ethnicity;
- (j) with respect to item (h) above, assign to the board to turn to the Swedish government and/or the Swedish Tax Authority and draw their attention to the need of amended legislation in this area;
- (k) to assign to the board to turn to the Swedish government, and draw the government's attention to the need of amended legislation so that the possibility to have differentiated voting powers in Swedish companies is abolished;
- (l) to amend the articles of association (§6) by adding the following two paragraphs, the second and third paragraph: Present ministers of state may not be appointed as a members of the board within two (2) years after their resignation as ministers of state. Other politicians, with full time remuneration, may not be appointed as a members of the board within one (1) year after their resignation from their assignment, unless exceptional reasons dictate otherwise;
- (m) to assign to the board to turn to the Swedish government to draw the governments attention to the need of a comprehensive national regulation for and the introduction of cooling-off periods for politicians;
- (n) to assign to the board to prepare a proposal for representation in the board as well as in the nomination committee for the small and medium sized shareholders; and
- (o) to assign to the board to turn to the Swedish government and draw the government's attention to the need of reformed legislation in this area.

In order for a resolution regarding amendment of the articles of association in accordance with 20 (l) to be valid the board's proposal must be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting.



## INFORMATION ABOUT THE PROPOSED BOARD MEMBERS



### 1. LENNART HOLM

Chairman of the Board since 2014, Board member since 2012, chairman of the investment committee, member of the remuneration committee  
**Education:** MSc in Chemical Engineering, Chalmers University of Technology, Gothenburg.  
**Year born:** 1960  
**Other assignments:** Chairman of Vida AB, Nexam Chemical Holding AB, Tuve Holding AB, Brunkeberg Systems AB, Vigmed Holding AB, Polygiene AB, Chamber Tech AB, Axolot Solutions AB and Hamnkrogen i Helsingborg Holding AB. Board member of Dermazip AB, Holm och Gross Holding AB and Preventic Försäkrings AB.  
**Background:** Chairman of the Board and CEO of the Perstorp Group, active at Stora Enso and partner in PAI Partners SAS.  
**Shareholding**<sup>1</sup>: 3 000  
**Independent/Not independent:** Independent of the Company and management, independent of the Company's major shareholders.

### 2. MICHAEL M.F. KAUFMANN

Board member since 2005, member of the remuneration committee  
**Education:** MBA, Universities of Stuttgart and Erlangen-Nürnberg.  
**Year born:** 1948  
**Other assignments:** CEO, Frapag Beteiligungs-holding AG. CEO, HKW Privatstiftung.  
**Background:** Formerly held various managerial positions in Frantschach/Mondi, Vienna, Austria.  
**Shareholding**<sup>1</sup>: 9 500  
**Independent/Not independent:** Independent of the Company and management, not independent of the Company's major shareholders.

### 3. ANDREA GISLE JOOSEN

Board member since 2015  
**Education:** MSc International Business, Copenhagen Business School.  
**Year born:** 1964  
**Other assignments:** Chairman of Teknikmagasinet AB. Board member of Dixons Carphone PLC, ICA Gruppen AB, James Hardie Industries PLC and Mr Green & Co AB.  
**Background:** CEO of Boxer TV Access AB, Managing Director of Panasonic's business in the Nordics, Chantelle and Twentieth Century Fox Home Entertainment. Previously held management positions at Johnson & Johnson and Procter & Gamble.  
**Shareholding**<sup>1</sup>: 500  
**Independent/Not independent:** Independent of the Company and management, independent of the Company's major shareholders.

### 4. BENGT HAMMAR

Board member since 2014 and member of the investment committee  
**Education:** BA and MA in International Economy and Politics, Princeton University, New Jersey, USA.  
**Year born:** 1951  
**Other assignments:** Director and senior adviser, Pöyry Capital Ltd.  
**Background:** Managing Director, Head of Global Forest Products & Packaging, Barclays De Zoete Wedd Ltd. Executive Director, Head of European Forest Products & Packaging, Morgan Stanley & Co. Int.  
**Shareholding**<sup>1</sup>: 2 000  
**Independent/Not independent:** Independent of the Company and management, independent of the Company's major shareholders.

### 5. MIKAEL HELLBERG

Board member since 2014, chairman of the remuneration committee, member of the audit committee.  
**Education:** BSc in Economics, University of Minnesota, United States. Studies at Stockholm School of Economics.  
**Year born:** 1954  
**Other assignments:** Chairman of Delicato Bakverk AB, Berntson Brands AB, Fresk Group AB, Wallvision AB and the Einar Belvén Foundation. Board member of companies including Segeltorp Holding AB.  
**Background:** CEO of Wasabröd AB, Pripps Bryggerier/Carlsberg Sverige AB, Alcro-Beckers AB and Nordic Head of Procter & Gamble HABC. Chairman of companies including AB Annas Pepparkakor, Björnkläder AB, NCS Colour AB, Wernersson Ost AB, Mobeon AB, Spring Mobile AB and Anticimex AB.  
**Shareholding**<sup>1</sup>: 20 000  
**Independent/Not independent:** Independent of the Company and management, independent of the Company's major shareholders.

<sup>1</sup> Own and closely related persons' shares as of 7 March 2016.





**6. 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 Frapag Beteiligungsholding AG. Board member of Constantia Flexibles Group, 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 <sup>1</sup>:** –

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

**7. GUNILLA JÖNSSON**

Board member since 2003 and member of the investment committee

**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, Lund University. Member of the steering group at LUFO (Lund University Food Studies). Member of Invest in Skåne AB, chairman/member of various scientific programme committees and assessment groups, and member of the Royal Swedish Academy of Engineering Sciences (IVA).

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

**Shareholding <sup>1</sup>:** 3 728

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

**8. 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 ömsesidigt, Orexo AB, Apoteket AB, Coor Service Management AB and Ellos Group Holding AB.

**Background:** Various financial managerial positions in Stora Enso, ABB and Investor and top executive positions in OMX AB, Carnegie Investment bank and Apoteket AB.

**Shareholding <sup>1</sup>:** 1 000

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

**9. STEWE CATO**

Deputy Board member since 2015, employee representative Pappers

**Year born:** 1953

**Other assignments:** –

**Background:** –

**Shareholding <sup>1</sup>:** –

**Independent/Not independent:**

Independent of management and the Company's major shareholders, not independent of the Company (employed).

**10. HELÉN GUSTAFSSON**

Board member since 2010, employee representative PTK

**Education:** Degree in Chemical Engineering, Institute of Technology, Linköping University.

**Year born:** 1971

**Other assignments:** Production Technician/Personnel Supervisor at BillerudKorsnäs.

**Background:** –

**Shareholding <sup>1</sup>:** 517

**Independent/Not independent:**

Independent of management and the Company's major shareholders, not independent of the Company (employed).

**11. KJELL OLSSON**

Board member since 2012, employee representative Pappers

**Year born:** 1959

**Other assignments:**

Chairman of Pappers Dept. 3 trade union in Gävle.

**Background:** –

**Shareholding <sup>1</sup>:** 45

**Independent/Not independent:**

Independent of management and the Company's major shareholders, not independent of the Company (employed).

**12. TOBIAS SÖDERHOLM**

Deputy Board member since 2012, employee representative PTK

**Education:** MSc in Chemical Engineering, Chalmers University of Technology, Gothenburg.

**Year born:** 1975

**Other assignments:** Project Manager, R & D, at BillerudKorsnäs.

**Background:** –

**Shareholding <sup>1</sup>:** –

**Independent/Not independent:**

Independent of management and the Company's major shareholders, not independent of the Company (employed).

<sup>1</sup> Own and closely related persons' shares as of 7 March 2016.



**AUDITOR'S OPINION UNDER CHAPTER 8 SECTION 54 OF THE SWEDISH COMPANIES ACT (2005:551) AS TO WHETHER THE GUIDELINES OF THE ANNUAL GENERAL MEETING ON THE REMUNERATION OF SENIOR EXECUTIVES HAVE BEEN FOLLOWED**

To the annual general meeting of BillerudKorsnäs AB (publ.), Corporate identity No 556025-5001

**Introduction**

We have audited whether the Board of Directors and the Chief Executive Officer of BillerudKorsnäs AB (publ.) during the year 2015 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 6 May 2014 and the annual general meeting on 5 May 2015.

**Responsibility of the Board of Directors and the Chief Executive Officer**

The Board of Directors and the Chief Executive Officer are responsible for the guidelines being followed and for the internal control that the Board of Directors and the Chief Executive Officer deem necessary to ensure that the guidelines are followed.

**Responsibility of the auditor**

Our responsibility is to issue an opinion, based on our audit, to the annual general meeting as to whether the guidelines have been followed. We have conducted the audit in accordance with FAR recommendation RevR 8 Audit of remuneration of senior executives of listed companies. This recommendation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the guidelines adopted by the annual general meeting are followed in all material aspects. The audit firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The audit has covered the company's organization for and documentation of remuneration issues for senior executives, the new decisions on remuneration that have been taken and a selection of the payments made during the financial year to the senior executives. The auditor chooses what procedures are to be performed, in part by assessing the risk of the guidelines not being followed in all material aspects. In making those risk assessments, the auditor considers internal control relevant to compliance with the guidelines in order to design audit 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 audit provides a reasonable basis for our opinion set out below.

**Opinion**

We consider that the Board of Directors and Chief Executive Officer of BillerudKorsnäs AB (publ.) during 2015 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 6 May 2014 and the annual general meeting on 5 May 2015.

Stockholm 23 March 2016

KPMG AB

Ingrid Hornberg Román

Authorized Public Accountant

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

## **Articles of Association of BillerudKorsnäs Aktiebolag (publ) (556025-5001) Adopted at the Annual General Meeting 7 May 2013**

### **§ 1 Name of the Company**

The name of the company shall be BillerudKorsnäs Aktiebolag (publ).

### **§ 2 Object of operations**

The object of the company's operations is to, directly and indirectly, carry on forest industry operations, which includes producing and selling pulp, paper and board as well as packaging materials and packaging solutions made thereof, carry on production of electric power and energy generation as well as to carry on other activities associated therewith.

### **§ 3 Share Capital**

The company's share capital shall be at least SEK 750,000,000 and at most SEK 3,000,000,000.

### **§ 4 Number of shares**

The number of shares shall be at least 100,000,000 and at most 400,000,000.

### **§ 5 Registered office**

The registered office of the Board of Directors is in Stockholm, Sweden.

### **§ 6 Board of directors**

The Board of Directors shall be composed of at least six members and at most ten members, with at most six deputies.

### **§ 7 Auditors**

One or two auditors and at most two deputy auditors, or a registered firm of auditors, shall be appointed.

### **§ 8 Annual General Meeting**

An Annual General Meeting shall be held each year within six months of the end of the financial year.

The following items of business shall be addressed at the Annual General Meeting:

1. Election of a Chairman of the Meeting;
2. Preparation and approval of a list of voters;
3. Approval of the agenda;
4. Election one of two persons to check the Minutes;
5. Examination as to whether the Meeting has been duly convened;
6. Presentation of the Annual Report and the Auditors' report, and as necessary, of the Consolidated Annual Report and the Consolidated Auditors' Report;
7. Resolutions on



- a) adoption of the Income Statement and Balance Sheet, and as necessary, of the Consolidated Income Statement and Consolidated Balance Sheet,
  - b) distribution of the Company's profit or loss in accordance with the adopted Balance Sheet,
  - c) discharge from liability for the members of the Board and the Managing Director;
8. Determination of the number of Board members and deputies to be elected by the Meeting and, as necessary, determination of the number of auditors and deputy auditors to be elected by the Meeting, or alternatively, determination of whether a registered firm of auditors shall be elected;
9. Determination of fees payable to the Board of Directors and, as necessary, to the auditors;
10. Election of members of the Board and deputies, and as necessary, election of auditors and deputy auditors or registered firm of Auditors;
11. Any other business to be on the agenda of the Meeting pursuant to the Swedish Companies Act (2005:551) or Articles of Association.

## **§ 9 Notice**

Notice of a general meeting of shareholders shall be made in the form of an announcement in an advertisement in the Official Gazette (Post och Inrikes Tidningar) and on the company's website. Confirmation that notice has been given shall be given in an advertisement in Svenska Dagbladet.

Shareholders who wish to participate in negotiations at the general meeting must be included in the printout or other presentation of the full share register as per 5 days prior to the Meeting and must notify the company of their intention to participate by 4 p.m. at the latest on the day indicated in the announcement of the meeting. The latter date shall not be a Sunday, holiday, Saturday, midsummer eve, Christmas eve, New Year's eve and shall not be earlier than five working days before the meeting.

Shareholders may be accompanied by one or two assistants at the meeting provided that the shareholder has notified the company in accordance with the above paragraph.

## **§ 10 Financial year**

The calendar year will be the financial year of the company.

## **§ 11 Record day provision**

The company's shares shall be recorded on a control register in accordance with the law (1998:1479) on the accounting of financial instruments.

The shareholder or shareholder's representative entered on the established record day in the share register and the control register in accordance with chapter 4 of the law (1998:1479) on the accounting of financial instruments, or the person listed in the control account in accordance with chapter 4 § 18, first paragraph, lines 6-8, of the aforementioned law, shall be considered authorised to exercise the rights expressed in chapter 4 § 39 of the Swedish Companies Act (2005:551).

# This is **BillerudKorsnäs**

BillerudKorsnäs is one of **the world's leading suppliers of high-quality, packaging materials** based on renewable raw material. Our wood raw material comes from sustainable managed forests and manufacturing takes place at resource-efficient, integrated production units.

Our customers are packaging manufacturers, brand owners and large retail and supermarket chains. Through close collaboration with customers and partners all over the world, we are able to offer a customised and broad product portfolio that features a high degree of innovation.

Demand is driven by global megatrends, particularly rising urbanisation, a greater focus on sustainability and changing consumption patterns. Consumer segments, primarily food and beverages, account for 74% of sales. While Europe is the core market. BillerudKorsnäs is gradually strengthening its presence in the leading growth markets of Asia.

Smart packaging solutions using paper or board from BillerudKorsnäs reduce the impact on the climate, cut the use of resources along the whole value chain and contribute to a sustainable future.

## **BUSINESS MODEL**

Our business model is based on high-performance materials from forests in the north, advice, service and the collective knowledge held by a global network of machine suppliers, packaging manufacturers, researchers and design agencies. Innovative packaging solutions are developed in close collaboration with customers all over the world that demand the highest standards of quality, performance and sustainability.

## **STRATEGIC FOCUS**

BillerudKorsnäs' overall objective is sustainable and profitable growth. The target is to grow organically by 3-4% per year. Our strategy is based on five areas that all interact: **Position, Innovation, Sustainability, Efficiency and Employees.**

*Read more at [billerudkorsnas.com](http://billerudkorsnas.com)*

## **VALUE DRIVERS**

High-performance material based on renewable raw material from responsibly managed forests. Smarter solutions that optimise our customers' business. Leading positions in the growing global packaging market. A holistic approach to the entire packaging value chain from raw material all the way to the end-customer and recycling.



# **BILLERUDKORSNÄS**

BillerudKorsnäs Aktiebolag (publ) • Postal address: Box 703, SE-169 27 Solna, Sweden • Visitors' address: Frösundaleden 2b  
Reg. no. 556025-5001 • Tel +46 8 553 335 00 • [ir@billerudkorsnas.com](mailto:ir@billerudkorsnas.com)  
[www.billerudkorsnas.com](http://www.billerudkorsnas.com)