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Remuneration report 2024

Introduction

This remuneration report provides an outline of how Holmen AB (publ) (Holmen) guidelines for executive remuneration, adopted by the annual general meeting 2023, have been implemented in 2024. The report also provides details on the remuneration of Holmen's CEO and deputy CEO. In addition, the report contains a summary of Holmen's outstanding share related incentive programmes. The company has not provided the board of directors with any remuneration in excess of what has been resolved by the annual general meeting. Remuneration to the board of directors is therefore not covered by this report but is disclosed in the annual report (note 4). Further information on executive remuneration and the work of the remuneration committee can be found in the company's annual report note 4 and in the corporate governance report.

Key developments 2024

The CEO summarizes the company's overall performance in his statement on page 4 in the annual report.

Overview of the application of the remuneration guidelines

Holmen has applied the remuneration guidelines adopted by the Annual General Meeting 2023. There have been no deviations from the procedures set out in the remuneration guidelines nor any derogations from the remuneration guidelines themselves.

Under Holmen's remuneration guidelines, remuneration to senior executives shall be market-based and competitive in the market in which the executive operates and be related to the executive's responsibilities, authority, and performance. Remuneration may consist of fixed salary, variable remuneration, other benefits, and pension. The variable compensation must be calculated on outcomes in relation to measurable goals and not exceed 50% of the fixed annual salary. Other benefits may include, among others, health insurance, housing benefit and car benefit. Such benefits shall, where they occur, constitute a maximum of 10 percent of the fixed salary.

The remuneration guidelines can be found in note 4 in the annual report. The auditor's report regarding compliance with the guidelines is available on the company's website www.holmen.com.

Total remuneration (earned during the year and irrespective of whether payments have been made during the same year) to CEO and deputy CEO is presented in table 1 below.

Table 1 – Total remuneration paid to CEO and deputy CEO during 2023 (SEK)

	Fixed remuneration		Variable remuneration ¹	Extra-ordinary items ²	Pension expense ³	Total remuneration	Proportion fixed/variable
	Base salary	Other benefits ⁴					
Henrik Sjölund VD	11 400 000	479 605	2 736 000	n/a	6 796 262	21 411 867	87%/13%
Anders Jernhall vVD	6 000 000	130 162	1 440 000	n/a	3 009 547	10 579 709	86%/14%

Share based remuneration

In addition to remuneration in accordance with the guidelines, the Annual General Meeting 2022 and 2024 have adopted long-term share-based incentive programs, LTIP 2022 and LTIP 2024, respectively, which were outstanding in 2024. Participation in the programmes requires a personal investment in Holmen shares (so-called savings shares).

The CEO participates with 1,900 saving shares and the deputy CEO with 989 saving shares in LTIP 2022. The programme has performance conditions for the period 2022-2024 partly linked to the return on capital employed and partly linked to the total shareholder's return. When the program expires on May 8, 2025, the CEO will be allotted 11,400 shares and the Executive Vice President 4,945 shares based on the condition linked to the return on capital employed being fully met (the conditional interval was 12-17% ROCE) while the condition linked to total shareholder's return has not been met (the condition was a total shareholder's return of at least 10%).

The CEO participates with 2,500 savings shares and the deputy CEO with 1,435 savings shares in LTIP 2024. The programme has performance conditions for the period 2024-2026 linked to the return on capital employed, the development of the Group's climate benefits and total shareholder's return. When the program expires in the spring of 2027, the CEO may be allotted a maximum of 16,250 shares and the Deputy CEO 7,893 shares if the conditions are fully met.

Further information about the programs can be found in the company's Annual Report, note 4. The terms and conditions for [the 2022 program](#) and [the 2024 program](#) adopted by the Annual General Meeting are available on holmen.com.

¹ Variable remuneration refers to short-term incentive program to be paid in 2024.

² Non-recurring benefits (sign-on fees, redundancy payments etc.).

³ The pension plan is defined contribution. The disclosed expenses include costs for an option to retire at the age of 60 and cost for health insurance. Mandatory social security fees are excluded.

⁴ Benefits in kind that are taxable for the recipient including, mainly, health insurance, car benefit and, for CEO only, housing benefit.

Short-term variable remuneration

The short-term incentive to senior executives (STI) is calculated annually and may amount to a maximum of 50% of the annual fixed salary for the CEO and Deputy CEO. STI does not form base for pension benefits. Short-term variable remuneration refers to earned compensation during the year (usually with payment the following year). Remuneration for STI 2023 with payment in 2024 was communicated in the remuneration report for 2023.

The criteria for STI 2024 with payment in 2025 are 90% based on return on capital employed (ROCE) in the industrial business areas (i.e. Wood Products and Paperboard and Paper) and 10% on whether the accident frequency at Holmen's workplaces has decreased.

The range for ROCE has been 11-21%, where no STI is paid out at ROCE < 11% and full STI at ROCE ≥ 21% and linear payout at ROCE 11-21%.

For 2024, the ROCE for the industrial business areas was 16.3% overall, and the accident rate has increased to 5.3 accidents per million hours worked compared to 5.2 in 2023. This means that payment in 2025 to the CEO and Deputy CEO regarding STI 2024 will amount to 48% of the maximum STI.

Use of the right to reclaim

No remuneration has been reclaimed by the company from the CEO or deputy CEO.

Comparative information on the change of remuneration and company performance

Table 2 – Change of remuneration and company performance over the last five reported financial years⁵

	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	2024 vs 2023	2024 ⁶
CEO, TSEK	+720 (+8%)	+4 (0%)	+966 (+10%)	+6 260 (+58%)	-2 397 (-14%)	14 616
Deputy CEO, TSEK	+371 (+8%)	+21 (0%)	+359 (+7%)	+3 223 (+60%)	-985 (-12%)	7 570
Operating profit ⁷ , MSEK	+134 (+6%)	+1 582 (+64%)	+3 201 (+79%)	-2 507 (-35%)	-1 034 (-22%)	3 721
Profit after tax, MSEK	-6 751 (-77%)	+1 025 (+52%)	+2 870 (+96%)	-2 177 (-37%)	-836 (-23%)	2 861
Average remuneration, TSEK ⁸	+17 (+3%)	+5 (+1%)	+29 (+5%)	+44 (+8%)	+27 (+4%)	639

⁵ Excluding remuneration under share based programmes adopted by the shareholder's general meeting and pension expenses. For total remuneration, please refer to table 1.

⁶ Total amount previous year.

⁷ Excluding non-recurring items.

⁸ Reported personnel cost on a full-time equivalent bases of employees of the parent company, excluding members of group executive management.

