

Board's report on the results of the evaluation of the application of the guidelines for remuneration to senior management, and related matters

According to the Swedish Corporate Governance Code, the remuneration committee established by the Board shall evaluate the application of the guidelines for remuneration to senior management established by the Annual General Meeting. According to the Code, the remuneration committee must also monitor and evaluate ongoing variable remuneration programmes for company management.

The guidelines for remuneration to senior management established by the 2018 Annual General Meeting state that remuneration shall consist of a fixed market-based salary and that no variable remuneration shall be paid. The guidelines also include sections concerning pension benefits, notice and severance payments.

The remuneration committee's evaluation of the application of the guidelines established by the 2018 Annual General Meeting has shown that the company has complied with the guidelines.

The 2016 Annual General Meeting approved a share savings programme aimed at around 40 members of senior management. In its previous evaluation, the remuneration committee noted, among other things, that all those invited participated in the share savings programme with virtually full engagement and that there was thus very strong interest in the programme. In its continued evaluation work, the remuneration committee has found there to be a clear view that the share savings programme has contributed to creating long-term commitment among people in senior management whose efforts are of great importance to the development of the company.

In light of the positive experience of the 2016 share savings programme, the remuneration committee has suggested that a proposal for a new share savings programme, with terms and conditions largely the same as those of the 2016 programme, be put to the 2019 Annual General Meeting. The Board has subsequently decided to put forward a proposal for a new share savings programme in accordance with the committee's proposal. The Board's proposal is set out in the notice convening the Annual General Meeting and in a separate document on the Holmen website.

Stockholm, March 2019

The Board of Directors