

# CORPORATE GOVERNANCE REPORT

**Holmen AB is a Swedish public limited company, listed on the Stockholm Stock Exchange (Nasdaq Stockholm) since 1936. The preparation of a corporate governance report is a requirement under the Swedish Annual Accounts Act. The corporate governance report complies with the rules and instructions stipulated in the Swedish Code of Corporate Governance.**

## Shareholders

Holmen AB had 50 139 shareholders at year-end 2024. Swedish private individuals accounted for the largest category of owners with 47 555 shareholders.

The largest shareholder at year-end, with 62.7 per cent of the votes and 35.0 per cent of the capital, was L E Lundberg-företagen, which means that a Group relationship exists between L E Lundberg-företagen AB (corporate ID number 556056-8817), whose registered office is in Stockholm, and Holmen. The second-largest shareholder by votes was the Kempe Foundations and their holdings of Holmen shares amounted to 17.6 per cent

of the votes and 7.6 per cent of the capital at the same date. No other individual shareholder controlled as much as 10 per cent of the votes. Employees have no holdings of Holmen shares via a pension fund or similar system.

At the 2024 Annual General Meeting (AGM), the Board's authorisation to acquire up to 10 per cent of the company's shares was renewed. On 26 April 2024, the Board of Directors decided to exercise the buy-back authority in order to ensure the future delivery of shares to participants in Holmen's long-term share savings programme. On 15 August 2024, the Board decided to use the buy-back authority to adjust the Group's capital structure. In 2024, 1 554 163 shares were repurchased for SEK 647 million, corresponding to an average price of SEK 416/share. The buy-backs amount to 0.9 per cent of the total number of shares. The company already owned 2.1 per cent of its own shares, meaning that at 31 December 2024 Holmen held 3.0 per cent of the total number of shares.

See pages 54–55 for further information on the shares and ownership structure.

## General meeting of shareholders

The notice convening the AGM is announced and posted on holmen.com no earlier than six and no later than four weeks before the meeting. That a notice has been issued is also advertised in a nation-wide newspaper. It was announced on 18 September 2024 that the 2025 AGM would take place on 31 March 2025. Shareholders or proxies are entitled to vote in accordance with the full number of shares owned or represented.

## Nomination committee

The AGM resolved that the nomination committee should consist of the Chairman of the Board and one representative from each of the three shareholders in the company that control the most votes at 31 August each year. The composition of the nomination committee for the 2024 and 2025 AGMs is shown in the table on page 47.

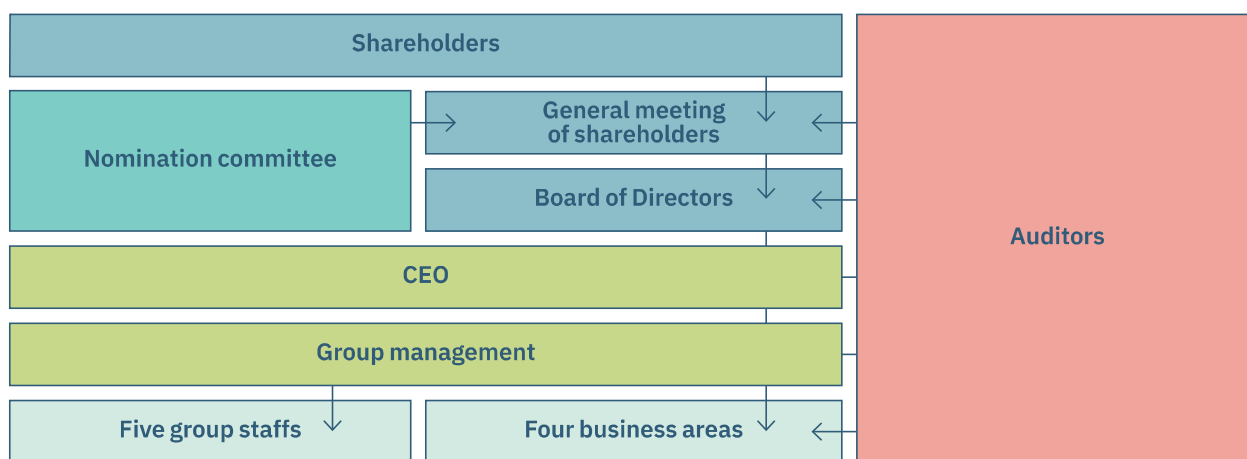
The nomination committee's mandate is to submit proposals for the election of Board members and the Board Chairman, for Board fees and auditor fees, and for the election of auditors.

## ↓ 2024 Annual General Meeting

The notice convening the meeting, the agenda and the minutes of the 2024 AGM are available at holmen.com. The Board of Directors attended the meeting. The AGM approved the income statement and balance sheet, decided on the appropriation of profits and granted the departing Board discharge from liability. The following Board members were re-elected: Fredrik Lundberg, Alice Kempe, Lars Josefsson, Louise Lindh, Ulf Lundahl, Fredrik Persson, Henrik Sjölund, Henriette Zeuchner and Carina Åkerström. Fredrik Lundberg was re-elected Chairman of the Board. The general meeting of shareholders also decided on Board fees, auditors and auditors' fees, the approval of the remuneration report, the adoption of a new share savings programme for Group management and to authorise the Board to acquire treasury shares. Fredrik Lundberg, John Erik Mats, SEB, and Natasha Obradovic, Handelsbanken, checked and approved the minutes of the meeting.

## ↓ Board meetings

The Board held twelve meetings in 2024, four of which were in connection with the company's publication of its quarterly reports. One meeting was held in connection with the company's AGM. One meeting was dedicated to reviews of strategic issues and the Group budget for 2025. The Board also paid special attention to financial and accounting issues, and the monitoring of the energy market and the fibre market. In addition, the Board spent time on sustainability matters and reporting, study visits to major customers of the paper and board business and major investment matters. On one occasion the company's auditor reported directly to the Board on the audit of the accounts and internal control.



The nomination committee applies rule 4.1 of the Swedish Corporate Governance Code (the Code) as a diversity policy when putting forward proposed Board members, which means the composition of the Board should reflect the company's business operations, phase of development and other circumstances, and should be diverse and wide-ranging in terms of the expertise, experience and background of the members elected by general meetings. An even gender distribution is sought. Further information about the work of the nomination committee will be provided at the 2025 AGM.

For the 2025 AGM, the nomination committee proposes that the Board consist of nine members elected by the AGM. The nomination committee proposes the re-election of the current Board members Fredrik Lundberg (who is also proposed for re-election as Chairman of the Board), Alice Kempe, Louise Lindh, Ulf Lundahl, Fredrik Persson, Henrik Sjölund, Henriette Zeuchner, Carina Åkerström and the election of Stefan Widing. Lars Josefsson has declined re-election.

### Composition of the Board

The members of the Board are elected each year by the AGM for the period until the end of the next AGM. According to the articles of association, the Board should consist of between seven and eleven members. The company's articles of association contain no other rules regarding the appointment or dismissal of Board members, or regarding amendments to the articles, or restrictions on how long members can serve on the Board.

The 2024 AGM decided to re-elect Fredrik Lundberg, Lars Josefsson, Alice Kempe, Louise Lindh, Ulf Lundahl, Fredrik Persson, Henrik Sjölund, Henriette Zeuchner and Carina Åkerström to the Board. Fredrik Lundberg was re-elected Chairman of the Board. At the statutory first meeting of the new Board in 2024, Henrik Andersson, Senior Vice President Legal Affairs, was appointed Board secretary.

Over and above the nine members elected by the AGM, the local labour organisations have a statutory right to appoint three members and three deputy members.

Of the nine Board members elected by the AGM, eight are deemed to be independent of the company as defined by the Code. The CEO is the only Board member with an operational position in the company. Further information about the members of the Board is provided on pages 56–57.

### The Board's activities

The Board's work aims to optimise the company's profitability by taking a long-term approach to the company's management and ensuring that the company's objectives and strategy are sustainable. The Board's activities follow a plan intended, among other things, to ensure that the Board receives all the information it requires and that it is kept up to date on issues that are strategically important for the company. Each year the Board decides on written working procedures and issues written instructions relating to the division of responsibilities between the Board and the CEO, and information that the Board is to receive continually on financial developments and other key events. Company employees are consulted as experts on relevant issues.

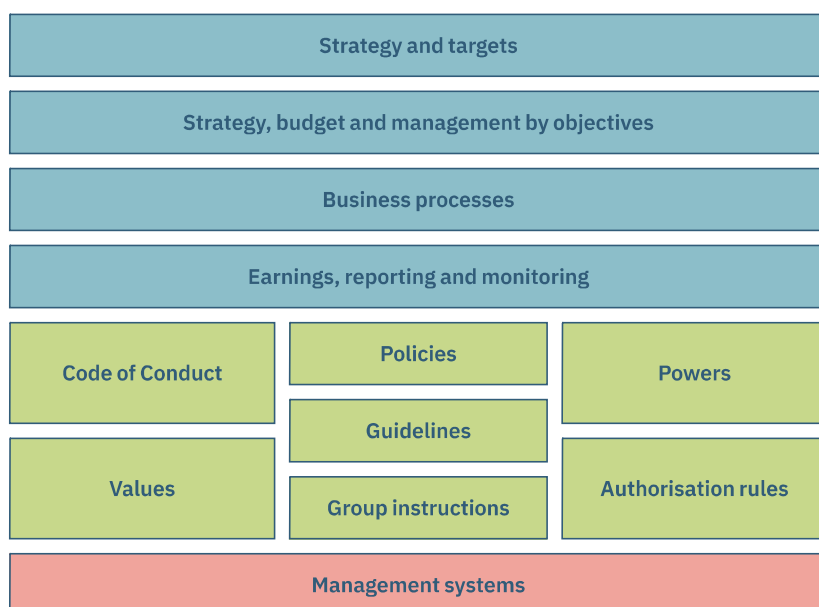
## ↓ Members of the Board of Directors

					Attendance at meetings in 2024:			
Board members	Elected	Role on the Board	Audit committee	Remuneration committee	Board of Directors	Audit committee	Remuneration committee	Fee for 2024 decided by AGM (SEK '000)
Fredrik Lundberg	1988	Chairman	Member	Chairman	12/12	5/5	6/6	860
Lars Josefsson	2016	Member	Member	–	12/12	5/5	–	430
Alice Kempe	2019	Member	–	Member	12/12	–	6/6	430
Louise Lindh	2010	Member	–	–	12/12	–	–	430
Ulf Lundahl	2004	Member	Chairman	–	12/12	5/5	–	430
Fredrik Persson	2022	Member	–	Member	12/12	–	6/6	430
Henriette Zeuchner	2015	Member	–	–	12/12	–	–	430
Carina Åkerström	2023	Member	–	–	12/12	–	–	430
Henrik Sjölund	2014	Member, President & CEO	–	–	12/12	–	–	–

According to the nomination committee, Fredrik Lundberg, Lars Josefsson, Alice Kempe, Louise Lindh, Ulf Lundahl, Fredrik Persson, Henriette Zeuchner and Carina Åkerström are independent of the company and its senior management, and Lars Josefsson, Ulf Lundahl, Fredrik Persson, Henriette Zeuchner, Carina Åkerström and Henrik Sjölund are independent of the company's major shareholders.

### Workers' representatives

Tommy Åsenbrygg, member, elected 2009/Ari Aula, member, elected 2022/John Nyberg, member, elected 2023/Martin Nyman, deputy member, elected 2021/Daniel Hägglund, deputy member, elected 2014/Johan Viklund, deputy member, elected 2024.



Internal management processes and guideline documents.

The Board is provided with regular information about environmental and sustainability matters related to the company's activities, including the company's business ethics rules and business conduct.

An annual evaluation is undertaken whereby each Board member answers a questionnaire containing relevant questions about the Board's work and has the opportunity to make suggestions about how to enhance this work. Their responses are presented and discussed at a Board meeting. The results of the evaluation form the basis for the planning of the Board's work for the coming year. The Chairman of the Board has reported the results of the evaluation to the nomination committee.

### Audit committee

The Board has created an audit committee made up of Board members. The audit committee's task is to monitor the company's financial reporting, sustainability reporting and the effectiveness of the company's internal control and risk management. The audit committee reviews and monitors the impartiality and independence of the auditor. The committee also evaluates the auditor's work and submits proposals to the company's nomination committee for the election of an auditor for the next mandate period. The members of Holmen's audit committee are Ulf Lundahl, Chairman, Fredrik Lundberg and Lars Josefsson. The audit committee met five times.

### Remuneration committee

The Board has also appointed a remuneration committee consisting of Fredrik Lundberg, Fredrik Persson and Alice Kempe. The purpose of the committee is to prepare, in a smaller group, decisions concerning the remuneration of the CEO, guidelines for the remuneration of senior management and share- and share

price-based incentive schemes. During the year, the committee prepared matters pertaining to the remuneration and other employment conditions of the CEO, and evaluated guidelines for remuneration, share savings programmes and short-term benefits. The committee also examined remuneration structures, remuneration levels and methods for establishing the Group's wage levels to ensure that these are reasonable and appropriate.

Remuneration and other employment conditions for senior management who report directly to the CEO are decided on by the latter and approved by the remuneration committee in accordance with the instructions for the remuneration committee adopted by the Board of Directors, as well as the guidelines adopted by the AGM for the remuneration of members of senior management.

The Group applies the principle that each manager's manager must approve decisions on remuneration in consultation with the relevant personnel manager.

The current guidelines for the remuneration of the CEO and other senior management, i.e. heads of business areas and heads of Group staffs who report directly to the CEO, were adopted by the 2023 AGM. The AGM adopted the guidelines in accordance with the Board's proposal. Current guidelines and information about remuneration are presented in Note 4 on pages 73–74.

The 2024 AGM approved the Board fees and payment of the auditors' fee as invoiced.

The 2022 AGM approved a share savings programme for key individuals in the Group. The programme will expire in April 2025. The 2024 AGM approved a new share savings programme for Group management. The programme will expire in April 2027. Its aim is to strengthen common interests between shareholders and company management, as well as to

create a long-term commitment to Holmen. More information about the current share savings programmes and the financial and sustainability targets set can be found in Note 4.

### Group management

The Board has delegated operational responsibility for management of the company and the Group to the CEO. The Board annually decides on instructions covering the division of responsibilities between the Board and the CEO.

Holmen's Group management consists of the company's CEO, the heads of the four business areas, and the heads of the five Group staffs. Information about the CEO and other members of Group management is provided on page 58.

Group management meets regularly. The meetings during the year dealt with matters such as earnings performance and reports before and after Board meetings, strategic issues, budgets, investments, internal control, work environment, sustainability matters, climate and environmental issues and silviculture matters. The meetings were also devoted to reviews of the market situation, economic developments and other external factors affecting the business. The Group's governance and the tools used for this governance, such as the management-by-objectives model and common policies, were also discussed. In 2024, Group management focused particularly on analysing the energy market and fibre supply in Europe and its impact on the Group's competitiveness and activities. Group management also spent time monitoring regulatory changes related to the company's strategy and objectives, as well as the impact of future sustainability regulations on the company's environmental and sustainability work.

### Internal management processes

Holmen's business strategy is formulated by Group management in order to create long-term value for both shareholders and customers. The strategy is adopted by the Board each year and forms the basis for the expectations that are set. On the basis of these expectations, each unit sets targets and identifies success factors for achieving them. The Group's strategy and objectives are set out on pages 10–11. Also see the sustainability report for the objectives related to sustainability matters on page 100. Key performance indicators (KPIs) are linked to the success factors in order to measure and demonstrate changes in performance. The strategy review also provides the basis for the budget, through which decisions are taken on the distribution of resources and targets for the coming year are set. Use of a simple management-by-objectives tool for continuous follow-up ensures that the entire organisation is adopting the right priorities to meet the objectives set.

The business areas guide the operational activities towards these targets using processes for purchasing, production and sales, supported by financial management, IT, HR, environmental, sustainability and communication processes.

Activities are followed up through regular meetings with Group management and the monthly reporting of performance and KPIs that reflect business activity, along with additional qualitative analyses. Reporting of sustainability data is integrated with the financial reporting. When major investment decisions are under consideration, financial, social and environmental effects are taken into account.

**Risk management.** The Group's business and operational risks, as well as climate- and sustainability-related risks and opportunities, are managed by the various business areas. Each business unit has its own processes for identifying, assessing and responding to these risks and opportunities. Material risks are reported to Group management as part of regular operational reviews.

Purchasing and IT infrastructure are managed by Group-wide functions in order to leverage economies of scale, and risks are handled in line with the Group's policies. Group Finance manages the Group's financing and financial risks, based on a finance policy that is established by the Board and is characterised by a low level of risk. Regulatory risks and changes in external requirements driven by sustainability matters are monitored and tackled in the business areas, supported by Group staff. Holmen has developed procedures through policy documents for identifying the risks of its operations having negative impacts on the environment, people and business conduct, and for identifying the stakeholders affected by Holmen's operations.

For further information about risks, see the Risk management section on pages 49–53.

**Code of Conduct.** Holmen's Code of Conduct is in line with the UN Global Compact, the International Labour Organization's (ILO) eight fundamental conventions and the OECD's Guidelines for Multinational Enterprises, and guides Holmen's day-to-day operations, clarifying the expectations

placed on employees. Holmen's operations should be based on responsible behaviour towards both internal and external stakeholders. Holmen's Code of Conduct states that Holmen must endeavour to ensure that due diligence is shown with regard to consequences for human rights, the environment and the climate. The Supplier Code of Conduct is also in keeping with the above principles, conventions and guidelines. Both Holmen's Code of Conduct and Supplier Code of Conduct aim to prevent potential and actual negative impacts on people, the environment and business conduct in its own operations and in Holmen's supply chain.

While respecting human rights, Holmen endeavours to ensure a workplace climate that is founded on the equal value of all people. All of Holmen's employees should have the same rights, obligations and opportunities irrespective of their sex, transgender identity or expression, ethnicity, religion or other beliefs, disabilities, sexual orientation or age. Holmen is subject to the UK Modern Slavery Act and a report relating to this is available at holmen.com.

**Policies.** At Group level, Holmen has decided on policies, guidelines and Group instructions that will help to implement Holmen's strategy and achieve its objectives. Policies, guidelines and Group instructions are reviewed annually and updated as necessary, based on developments and changes in the material risks and opportunities associated with the business. Holmen's CEO decides on the adoption of all policies and guidelines, except the financial policy, which is adopted by the Board. The Executive Vice President coordinates policy work. Each policy and their associated documents have an owner within Holmen's Group management who is responsible for them. Heads of finance for each business area are responsible for implementation. Policies, guidelines and Group instructions are intended to clarify how employees should act in fundamental and critical areas where material risks and opportunities may arise for the business.

The Group's eleven policies cover matters such as expectations of employee participation and leadership, and specify

the framework for management by objectives, talent management, interaction with trade union organisations, equal treatment and employment conditions. A good work environment is also covered in terms of health and safety, anti-corruption and competition issues, and how good business practice is maintained in dealings with external contacts on different markets. Employees in departments at risk of encountering unauthorised behaviour receive special training in business ethics. The policies specify that raw materials should be used efficiently, pollution should be prevented and and continuous improvements should be aspired. Production units must carry out a climate risk analysis and prepare climate adaptation plans. Financial risk is managed centrally and should be characterised by a low level of risk. The policies must also ensure that the company's assets are managed in accordance with Group rules, risks of errors in financial and sustainability reporting are minimised and irregularities are prevented. The Group's purchasing should contribute to long-term profitability. The sustainable sale of raw materials, products and services should be ensured in both the short and long term. Information communicated must be accurate, transparent and easily accessible and comply with legal requirements and commercial confidentiality.

The policies, with the associated guidelines and instructions, are available to all employees on the Group's intranet. Policies considered to be of importance for external stakeholders are published on holmen.com.

**Compliance.** Each business area is responsible for ensuring that the rules set out in policies are reflected in internal regulations. Compliance is monitored for example through employee surveys and appraisal talks, pay surveys, safety statistics and audits of the organisational and social work environment. The Board is informed of any breaches of the Code of Conduct. Where non-compliance or failings are found in terms of the corporate culture, the issues are addressed on a case-by-case basis.

**Whistleblower function.** A whistleblower function is available so that employees

## ↓ Composition of the nomination committee

Name	Representing	Before AGM:		Independent of the:	
		2025	2024	Company	Largest shareholder (in terms of votes)
Bo Selling	L E Lundbergföretagen*	x (Chairman)	x (Chairman)	Yes	No
Fredrik Lundberg	Chairman of the Board	x	x	Yes	No
Lars Ericson	Kempe Foundations*	x	-	Yes	Yes
Vegard Torsnes	Norges Bank*	x	x	Yes	Yes

\*At 31 August 2024, L E Lundbergföretagen controlled 62.2 per cent of the votes, the Kempe Foundations controlled 17.5 per cent and Norges Bank controlled 2.2 per cent.



and other stakeholders can highlight any deficiencies in Holmen's financial reporting, discrimination or other possible areas of concern or improprieties at the company. Six cases were reported in 2024 that were deemed to constitute whistleblowing as defined by law. As at 31 December 2024, one case was open and under investigation. Other cases were closed after appropriate investigation. No cases of corruption or bribery were identified. Labour law issues were handled by following standard HR procedures.

### Internal control of reporting

The Board's responsibility for internal control, financial reporting and sustainability reporting is regulated by the Swedish Companies Act and the Swedish Corporate Governance Code. Under this code, the Board is also responsible for ensuring that the company is managed in a sustainable and responsible manner. Day-to-day responsibility for all of these matters is delegated to the CEO.

**Purpose and structure.** The purpose of internal control is to ensure that Holmen achieves its objectives both for financial and sustainability reporting (see below), to ensure that the company's assets are being managed according to Group rules and to prevent irregularities. Group Finance coordinates and monitors the internal control process for reporting.

It follows the COSO framework for internal control in its work. The framework comprises five basic elements: the control environment, risk assessment, control activities, information and communication, as well as monitoring activities and evaluations. The framework has been modified to suit the needs of Holmen's various operations.

**Control environment.** The control environment provides the basis for internal control of financial and sustainability reporting and is based in part on the company's internal management processes. The Board of Directors' procedural rules and the instructions for the CEO establish the distribution of roles and responsibilities to ensure effective control and management of the business's risks.

Policies, guidelines and instructions contribute to making individuals aware of their role in maintaining good internal control. These documents also ensure that financial and sustainability reporting complies with the laws and rules that apply to companies listed on Nasdaq Stockholm and the local rules in each country where the company operates.

**Risk assessment.** Risk assessment activities aim to identify and evaluate the risks that may result in the Group's reporting objectives not being met. The results of these risk-related activities are compiled and assessed under the guidance of Group Finance.

Holmen's biggest financial reporting risks are linked to the valuation of forest assets, pension obligations, provisions and financial transactions. Holmen's main sustainability reporting risks primarily relate to definitions and dependence on individuals for data generation. The risk assessment also includes the identification and evaluation of operational risks, which are managed through each business area's management system. For further information about risks, see the Risk management section on pages 49–53.

**Control activities.** To ensure that Holmen's financial and sustainability reporting objectives are met, control requirements are incorporated in the processes that are deemed relevant: sales, purchasing, investments, employees, financial statements, payments, IT and sustainability reporting. Control activities aim to prevent, identify and rectify errors and nonconformities. Business-specific self-assessments that are completed by all Group units set out what control requirements apply for each process and whether or not they are being met.

### Information and communication.

Holmen's information provision, both external and internal, adheres to a communication policy adopted by the CEO. The provision of information to Holmen's shareholders and other stakeholders must be accurate, comprehensive, transparent and consistent, and must take place on equal terms and at the right time.

External financial reporting must:

- be accurate and complete, and comply with applicable laws, regulations and recommendations
- provide a true and fair description of the company's business
- support a reasoned and informed valuation of the business.

Internal financial reporting must also support correct business decisions at all levels in the Group.

**Follow-up and evaluation.** Control activities are regularly assessed to ensure that they are effective and appropriate. The results of self-assessments are followed up on a continuous basis and

nonconformities are reported half-yearly to the Executive Vice President. The accuracy of self-assessments is subject to testing. Internal control reporting to Group management takes place once a year.

The company's auditors report their observations from their internal control review to the audit committee and Board during the year.

Follow-up is an important tool for identifying possible deficiencies within the Group and for addressing these through the development of new control requirements.

**Statement on internal audit.** The Board of Directors does not believe that particular circumstances in the business or other conditions exist to justify an internal audit function. The internal control managed by the Group, together with the activities carried out by the external auditors, are deemed to be sufficient.

### Audit

The audit firm PricewaterhouseCoopers AB (PwC), which has been Holmen's auditor since 2021, was re-elected as auditor at the 2024 AGM for one year. Authorised public accountant Magnus Svensson Henryson was appointed as the principal auditor. PwC performs the audit for Holmen AB as well as for the majority of Holmen's subsidiaries.

The examination of internal procedures and control systems begins in the second quarter and continues thereafter until year-end. The interim report for January–September is subject to review by the auditors. The examination and audit of the final annual accounts and the annual report, including the sustainability report, take place in January–February.

The Board's reporting instructions include requirements that the members of the Board receive a report each year from the auditors confirming that the company's organisation is structured to enable satisfactory supervision of accounting, of the management of funds and of other aspects of the company's financial circumstances. In 2024, the auditors reported on their work to the audit committee at four meetings and to the Board of Directors on one occasion. In addition to the audit assignment, Holmen has consulted PwC on matters pertaining to taxation, accounting and for various investigations. The remuneration paid to PwC for 2024 is stated in Note 5 on page 75. PwC is required to assess its independence before making decisions on whether to provide Holmen with independent advice