

# Shareholders in Holmen Aktiebolag (publ) (corp. reg. no. 556001-3301)

are hereby invited to attend the Annual General Meeting at 15.00 CET  
on Thursday 4 June 2020

**In light of the risk of the spread of coronavirus and the authorities' regulations/advice about avoiding gatherings, the Board of Directors has decided that the Annual General Meeting (AGM) will be held in a way that gives shareholders the greatest possible ability to exercise their voting rights by postal voting or by proxy.**

Shareholders wishing to exercise their voting rights and participate in the AGM must:

- be entered in the register of shareholders maintained by Euroclear Sweden AB on Friday 29 May 2020;
- register with the company by Friday 29 May 2020 in one of the following ways:
  - by submitting a postal voting form (see below) or
  - via standard registration through the company's website [www.holmen.com](http://www.holmen.com) or in writing by post to the address Holmen AB, Group Legal Affairs, Box 5407, 114 84 Stockholm, Sweden. Registration may also be made by telephone on +46 (0)8-666 21 11. When registering, please provide your name, personal identity number/corporate registration number, address, daytime telephone number and, where applicable, the number of assistants.

Shareholders whose shares are registered under a nominee name must temporarily re-register them in their own names with Euroclear Sweden to exercise their voting rights and participate in the AGM. Such re-registration must be completed by Friday 29 May 2020. This means that shareholders must notify their account operator of their intention well ahead of this date.

## Postal voting

Shareholders are recommended to exercise their voting rights by voting in advance using postal voting. A special form must be used for postal voting, and this is available at [www.holmen.com](http://www.holmen.com). Where necessary, a hard copy of this form may be sent to shareholders. Please call Mari-Louise Evans +46 (0)8-666 21 11 for this service. The postal voting form allows you to vote Yes, No or abstain on the agenda points proposed by the Board and the Nomination Committee. You do not need to submit a separate registration when voting by post; a completed and signed postal voting form is valid as registration to participate in the AGM.

The completed form may be sent by email to [info@holmen.com](mailto:info@holmen.com) or the original may be posted to Holmen at Holmen AB, Group Legal Affairs, Box 5407, 114 84 Stockholm. In order to qualify as a valid registration, completed forms must be received by Holmen no later than Friday 29 May 2020. If the shareholder is a legal entity, proof of registration or other authorisation document must be enclosed with the form. The same also applies for shareholders voting in advance by proxy.

The form may also be signed electronically using 'BankID' at [www.holmen.com](http://www.holmen.com), in which case it does not need to be sent to Holmen. To be valid as a registration for the AGM, such electronic signature must be registered by Friday 29 May 2020.

Shareholders may not assign specific instructions or conditions to voting in advance. Votes will be deemed to be invalid if this happens. Additional instructions are provided on the postal voting form.

### Voting by proxy

Shareholders who are represented by a proxy must issue a written authorisation for the proxy. Authorisation forms are available at [www.holmen.com](http://www.holmen.com). If a shareholder is attending as a proxy, the original proxy authorisation, proof of registration and other authorisation documents must be available at the AGM. To facilitate entry, copies of these documents should be sent to the company in advance.

### Notification for AGM participants

The AGM will be held at 15.00 CET at Vinterträdgården, Grand Hôtel, Stallgatan 6, Stockholm. Doors open at 14.30 CET. **In light of the risk of infection, the company advises that shareholders do not attend the AGM in person and recommends that they participate by means of postal voting or by proxy as set out above.** With a few exceptions, the Board of Directors and senior management will not be attending the AGM in person. No food and drink will be provided. The President and CEO will not give an address. Instead, a review of 2019 by Holmen's President and CEO Henrik Sjölund will be published at [www.holmen.com](http://www.holmen.com) at the time of the AGM. Questions at the AGM will focus on the matters on the agenda and other information that participants are legally entitled to receive. There will therefore be no Q & A session at this year's AGM.

### Proposed agenda

1. Opening of the Meeting
2. Election of Chairman of the Meeting
3. Preparation and approval of voting list
4. Approval of agenda
5. Election of adjusters to approve the minutes of the Meeting
6. Resolution concerning the due convening of the Meeting
7. Presentation of the annual accounts and the consolidated financial statements, together with the report of the auditors and the auditors' report on the consolidated financial statements
8. Resolution concerning the adoption of the parent company's income statement and balance sheet and the consolidated income statement and balance sheet

9. Resolution concerning the proposed treatment of the company's unappropriated earnings as stated in the adopted balance sheet
10. Resolution concerning the discharge of the members of the Board and the CEO from liability
11. Decision on the number of Board members and auditors to be elected by the Meeting
12. Decision on the fees to be paid to the Board and the auditor
13. Election of the Board and the Chairman of the Board
14. Election of auditor
15. Board's proposal regarding guidelines for remuneration of senior management
16. Board's proposal concerning (A) adjustment of the terms of the 2019 share saving programme and (B) proposal concerning hedging activities regarding the 2019 share saving programme
17. Board's proposal relating to mandate concerning buy-back and transfer of shares in the company
18. Board's proposal concerning (A) share capital reduction through the cancellation of shares and (B) a bonus issue
19. Closure of the Meeting

### Nomination Committee proposals in respect of Items 2 and 11–14 on the agenda

The Annual General Meeting has previously decided to set up a Nomination Committee to submit the names of candidates for election to the Board, the fee to be paid to the Board and, in relevant years, the election of auditors and the auditors' fee. Pursuant to the Annual General Meeting's decision, the Nomination Committee shall consist of the Chairman of the Board and one representative of each of the three largest shareholders on 31 August each year. Prior to the 2020 Annual General Meeting, the Nomination Committee consists of Mats Guldbrand, L E Lundbergföretagen; Carl Kempe, Kempe Foundations; Hans Hedström, Carnegie Funds; and Fredrik Lundberg, Chairman of the Board. Chairman of the Nomination Committee is Mats Guldbrand.

The Nomination Committee has submitted the following proposals:

- |         |  |
|---------|--|
| Item 2  | It is proposed that Fredrik Lundberg should chair the Meeting.   |
| Item 11 | Nine Board members and one auditor are proposed.   |
| Item 12 | It is proposed that fees of SEK 3 195 000 be paid to the Board, of which SEK 710 000 to the Chairman and SEK 355 000 to each of the other members elected by the Annual General Meeting who are not employees of the company. The proposal would result in unchanged fees. |
|         | Compensation to the auditors is proposed to be paid against an approved invoice.   |
| Item 13 | It is proposed that Fredrik Lundberg, Carl Bennet, Lars Josefsson, Lars G Josefsson, Alice Kempe, Louise Lindh, Ulf Lundahl, Henrik Sjölund and Henriette Zeuchner be re-elected to the Board for the period until the end of the next Annual General Meeting.             |
|         | It is proposed that Fredrik Lundberg be elected Chairman.  |

- Item 14            It is proposed that authorised public accounting firm KPMG AB be re-elected for the period until the end of the next Annual General Meeting. KPMG AB has announced its intention to appoint authorised public accountant Joakim Thilstedt as principal auditor.

### Board proposal concerning Item 9 on the agenda

The Board proposes that no dividend be paid for the 2019 financial year and that the company's earnings at its disposal in total SEK 4 741 167 346, including net profit for the year SEK 1 846 968 192, be carried forward to the new accounts.

### Board proposal concerning Item 15 on the agenda

The Board proposes the following guidelines for determining the salaries and other remuneration of the CEO, executive vice president and other senior management, i.e. the heads of the business areas and central staffs that report directly to CEO. The guidelines shall apply to remuneration agreed after the guidelines have been adopted by the 2020 Annual General Meeting. The guidelines do not cover remuneration determined by the Annual General Meeting.

#### *Guidelines' promotion of the company's business strategy, long-term interests and sustainability*

Holmen's strategy is to own and add value to the forest. Holmen's forest holdings form the basis of the business in which the raw material grows and is refined into everything from wood products for climate-smart building to renewable packaging, magazines and books, using energy that largely comes from its own hydro and wind power.

Successful implementation of the company's business strategy, long-term interests and sustainability requires the company to be able to attract the right employees. This guideline is intended to provide Holmen with the conditions to recruit and retain skilled employees.

#### *Forms of remuneration*

A long-term share-based incentive programme has been established within the company. It was approved by the 2019 Annual General Meeting and is therefore not covered by these guidelines. The overall purpose of the Programme is to retain close alignment of the interests of senior management and shareholders and to encourage long-term commitment to Holmen. The Programme is intended to attract and retain employees who are critical to Holmen's ongoing success. The performance requirements used to assess the outcome of the programme are clearly linked to the business strategy and, thereby, to the company's long-term value creation, including its sustainability. The programme also includes requirements on own investment, remaining employment and multi-year retention. Over and above share-based incentive programmes approved by the Annual General Meeting, no variable remuneration shall be paid.

The remuneration of the CEO and other senior management shall consist of a fixed market-based salary. Other benefits may include such items as health insurance, accommodation and car allowance. Where such benefits are provided, they should constitute no more than 10 per cent of the fixed salary.

The retirement age shall normally be 65 years. The pension benefit shall be based on contributions and the contributions shall correspond to what is stipulated in the ITP occupational pension plan, currently 30% of fixed cash salary.

*Notice and severance pay:*

The period of notice shall be six months, whether at the initiative of the company or the employee. In the event of notice being given by the company, severance pay may be paid in an amount corresponding to no more than 18 months' salary.

*Consideration of salary and employment terms for other employees*

In formulating its proposals for these remuneration guidelines, the Board has taken into account salaries and employment terms of the company's other employees, by including information about employees' total remuneration, the components of such remuneration and the increase in remuneration and the rate of increase over time, which have constituted part of the basis for decisions in evaluating the reasonableness of these guidelines.

*Decision-making process for establishing, reviewing and implementing the guidelines*

The Board has established a remuneration committee. The committee's duties include preparing the Board's decision on proposed remuneration guidelines for senior management. Under Chapter 8, § 51 of the Swedish Companies Act, the Board must draft proposed new guidelines at least every four years and put such proposal to the Annual General Meeting. The remuneration committee must also monitor and evaluate the application of the guideline and applicable remuneration structures and levels in the company. Members of the remuneration committee must be independent in relation to the company and its senior management. The CEO and other members of senior management do not attend the Board's discussion of and decisions on remuneration-related matters if such matters relate to them.

*Deviation from the guidelines*

The Board may decide to temporarily deviate from the guidelines in full or in part if, in an individual case, there are particular reasons for so doing and deviation is necessary in the long-term interests of the company, including its sustainability, or to ensure the company's financial viability.

## Board proposal concerning Item 16 on the agenda

### A. Board's proposal to adjust a condition

*Background*

The Board proposes that the 2020 Annual General Meeting approve the following change to the long-term share saving programme adopted by the 2019 Annual General Meeting (**LTIP 2019**) in light of Holmen's change to the accounting policy for forest land in 2019.

Holmen's decision to switch to recognising the entire forest holding at fair value, calculated based on transactions in those areas where Holmen owns land, results in a significant reduction of the recognised return on capital employed. Under the previous accounting policy, the Group's capital employed at 31 December 2019 would have amounted to SEK 26 321 million. The amended accounting of forest assets increases capital employed by SEK 17 574 million to SEK 43 895 million at 31 December 2019. The percentage return will decrease as a result of the change, all else being equal.

LTIP 2019 requires the return on capital employed to average at least 8% over the 2019–2021 financial years in order for performance shares to be allotted. The return on capital employed has to average at least 11% over the 2019–2021 financial years in order for the maximum allotment of performance shares to be made. According to the Board's calculations, which have been reviewed by the company's auditor, a return on capital employed of 8% under the previously recognised values corresponds to a return of 5.4% under the new recognised values. A return on capital employed of 11% under the previously recognised values corresponds to a return of 7.2% under the new recognised values. However, the return on capital employed for 2019 will not be affected as the increased value of forests is recognised as an item affecting comparability in the income statement for 2019.

#### *Proposal to adjust performance condition*

The Board therefore proposes that the 2020 Annual General Meeting approve a change to how the minimum and maximum levels of the LTIP 2019 performance condition is calculated in order to minimise the effect of the accounting change on participants' ability to receive an allotment of performance shares.

The Board's proposal means that, instead of being based on average fulfilment of the performance condition during 2019–2021, the allotment of performance shares will be measured based on the fulfilment of the performance condition during the 2019 financial year against the original levels for allotment, i.e. a minimum level for allotment of 8% and a level for maximum allotment of 11%, whereas the fulfilment of the performance condition in 2020 and 2021 will be measured against a minimum level of 5.4% and an maximum level of 7.2% on average for these two financial years. The reason why the Board is proposing that fulfilment of objectives be measured separately for 2019 and as an average for 2020–2021, rather than being based on an average over the three-year period, is to minimise the impact on allotment from the accounting change. Matching and performance shares, however, should only be allotted once the three-year vesting period is over.

The Board's proposal means that section A (d) of LTIP 2019 will be changed to the following wording (the other main terms are presented in the Board's proposal for share saving program for the annual shareholder's meeting 2019, available at Holmen's website [www.holmen.com](http://www.holmen.com)):

*The allotment of Performance Shares shall depend on the degree of fulfilment of the performance condition for the Programme. The Performance Condition shall consist of a financial target specific to the Programme and relating to the return on capital employed <sup>1</sup> both in the 2019 financial year (at 1/3 weighting) and as an average of the 2020 and 2021 financial years (at 2/3 weighting), together called **'the Performance Condition'**. In connection with the expiry of the Vesting Period, the Board of Directors will publish information about the extent to which the Performance Condition has been fulfilled.*

---

<sup>1</sup>Operating profit/loss (excl. items affecting comparability) expressed as a percentage of average capital employed as defined in the annual accounts for each year.

*The number of Performance Shares that may be allotted shall be calculated in accordance with the following:*

- *For the allotment of Performance Shares to be made, the return on capital employed for the 2019 financial year must exceed 8 per cent or the return on capital employed must exceed 5.4 per cent on average for the 2020–2021 financial years (**‘the Minimum Level’**).*
- *For the maximum allotment of Performance Shares to be made, the return on capital employed for the 2019 financial year must amount to at least 11 per cent and the return on capital employed for the 2020–2021 financial years must amount to at least 7.2 per cent on average for these two financial years (**‘the Maximum Level’**).*
- *If a level is achieved that exceeds the Minimum Level but is less than the Maximum Level, Participants will receive an allotment of a number of Performance Shares, 1/3 of which is based on a linear calculation of by how much the return on capital employed for the 2019 financial year exceeds 8 per cent but is less than 11 per cent and 2/3 of which is based on a linear calculation of by how much the return on capital employed for the 2020–2021 financial years on average exceeds 5.4 per cent but is less than 7.2 per cent.*

The Board proposes that the programme shall remain unchanged in other respects. LTIP 2019 shall continue to comprise no more than 190 000 class B shares in Holmen (Matching Shares and Performance Shares included).

#### [B. The Board’s proposal on hedging activities relating to LTIP 2019 and majority rules](#)

The Board proposes that the allotment of shares to programme participants be made by means of the transfer of the company’s class B treasury shares as per the decision of the 2019 Annual General Meeting, provided that the 2020 Annual General Meeting approves the Board’s proposal as per point (A) above with a requirement for a majority of at least nine tenths of both the votes cast and shares represented at the Annual General Meeting.

In the event that a majority of at least nine tenths of both votes cast and shares represented at the Annual General Meeting cannot be achieved, the Board proposes that the proposal to amend LTIP 2019 as per point A above be approved by a majority of more than half of the votes cast at the Annual General Meeting and that the decision be conditional on the Annual General Meeting also approving the conclusion of share swap agreements with external parties. Such swap agreement shall be on terms in accordance with market practice, whereby in exchange for a fee the third party undertakes to, in its own name, acquire and transfer class B shares in Holmen to the LTIP 2019 participants in accordance with the terms of the programme. Approval of swap agreement under this section B requires shareholders representing more than half of the votes cast at the Annual General Meeting.

#### [Board proposal concerning Item 17 on the agenda](#)

The Board proposes that the Annual General Meeting approve the authorisation of the Board to take decisions on the acquisition of the company’s own shares as follows.

1. Acquisitions may take place over the period until the next Annual General Meeting, on one or more occasions.
2. Class B shares may only be acquired to the extent that the company's own shareholding does not exceed 10 per cent of all shares in the company at any time.
3. The share purchases shall be transacted via Nasdaq Stockholm within the prevailing applicable range of prices (spread).

The Board further proposes that it be mandated by the Annual General Meeting to make decisions between now and the next Annual General Meeting to use the company's holding of its own shares as payment in connection with the acquisition of companies or lines of business or to finance such acquisitions, in which case the shares may also be sold via Nasdaq Stockholm. In other respects the following conditions shall apply.

1. Such mandate may be used on one or more occasions before the 2021 Annual General Meeting.
2. All company class B shares held by the company at the point of the Board's decision may be transferred.
3. The mandate includes the right to decide to depart from shareholders' preferential rights.
4. The transfer of shares on Nasdaq Stockholm shall take place within the prevailing applicable range of prices (spread). For share transfers outside Nasdaq Stockholm, payment will be possible in cash, with payment in kind or through offset, and the price shall correspond to an assessed market value at the time of such transfer.

The purpose of the mandates for repurchases and transfers of own shares, and the reason for deviation from shareholders' preferential rights, is to give the company the opportunity to use treasury shares to finance or pay for, without delay and in a flexible, cost-effective manner, acquisitions of companies or business operations. The purpose of the mandate to repurchase shares in the company is also to enable the Board to adjust the capital structure, thereby generating a higher value for shareholders.

Approval of the proposal requires shareholders representing a minimum of two-thirds of both votes cast and shares represented at the Annual General Meeting to support the resolution.

## Board proposal concerning Item 18 on the agenda

### *A. Share capital reduction through cancellation of treasury shares*

The Board proposes that the Annual General Meeting approve a reduction in the company's share capital by SEK 175 000 000 through the cancellation of 7 000 000 class B company shares that have been repurchased by Holmen. The purpose of such share capital reduction is for allocation to non-restricted equity.

The decision regarding a share capital reduction as per point (A) may be made without the permission of the Swedish Companies Registration Office or, in disputed cases, of a general court of law as the company will simultaneously carry out a bonus issue as per point (B) below, for the same amount by which share capital is to be reduced, as per above. Overall, these measures will not result in a reduction in either the company's restricted equity or share capital.

*Report by the Board as per Chapter 20, § 13, paragraph four of the Swedish Companies Act*



*As set out above, the Board proposes that the company's share capital be reduced by SEK 175 000 000 through the cancellation of 7 000 000 class B shares in the company. To ensure an efficient procedure without requiring permission from the Swedish Companies Registration Office or a general court of law, the Board has also proposed that the Annual General Meeting approve that the company's share capital be restored to its current amount by increasing the share capital by SEK 175 000 000 through a bonus issue without issuing new shares. The amount will be transferred from the company's non-restricted equity to the company's share capital, in accordance with point (B) below. A resolution in accordance with (A) above will result in the share capital decreasing by SEK 175 000 000 and a resolution in accordance with point (B) below will result in the share capital increasing by the same amount. Following implementation of the bonus issue the company's restricted equity and share capital will therefore be unchanged.*

#### *B. Share capital increase through a bonus issue without the issue of new shares*

In order to restore the share capital following the proposed reduction in share capital as per point (A) above, the Board proposes that the Annual General Meeting also approve an increase in the share capital by means of a bonus issue for an amount of SEK 175 000 000, which corresponds to the amount by which the share capital is to be reduced through the cancellation of shares as per point (A) above. Such bonus issue shall be carried out without issuing new shares by transferring the amount from non-restricted equity.

The Board also proposes that the Annual General Meeting approve the mandate of the Board to make such adjustments to the decisions according to points (A) and (B) above that may be necessary for the registration of such decisions with the Swedish Companies Registration Office or Euroclear Sweden AB and, in general, to take those measures required for the implementation of such decisions.

Auditor's statement as per Chapter 20, § 14 of the Swedish Companies Act will be available on the company's website, [www.holmen.com](http://www.holmen.com), no later than three weeks before the Annual General Meeting.

#### *Majority requirement*

Resolution by the Annual General Meeting in accordance with points (A) and (B) above shall be made as a collective decision. Approval of the proposal requires shareholders representing a minimum of two-thirds of both votes cast and shares represented at the Annual General Meeting to support the resolution.

#### *Information at the meeting*

If requested by a shareholder and the Board deems that it can take place without causing material damage to the company, the Board and the CEO shall provide information about circumstances that may affect the assessment of an item on the agenda, circumstances that may affect the assessment of the Group's, company's or its subsidiaries' financial situation, and the company's relationship with another Group company.

#### *Documents*

Annual accounts, auditor's report and the Board's revised proposal concerning treatment of the company's unappropriated earnings, as well as:

- the Board's proposed guidelines for determining remuneration for senior management,
- the Board's report on the results of the evaluation of the application of the guidelines for remuneration to senior management, and related matters,
- auditor's statement as per Chapter 8, § 54 of the Swedish Companies Act,
- the Board's proposal for adjustment of the terms of the 2019 share saving programme and hedging activities relating to the share saving programme,
- the Board's proposal for mandate to acquire and transfer treasury shares and the reasons for this,
- the Board's proposal for reducing share capital by cancellation of repurchased shares and bonus issue, and
- auditor's statement as per Chapter 20, § 14 of the Swedish Companies Act,

will be made available at the company from Thursday 14 May 2020 and will also be available on the company's website, [www.holmen.com](http://www.holmen.com).

---

Holmen AB has, when the notice of the Annual General Meeting is published, a total of 169 512 324 shares in issue, divided into 45 246 468 class A shares and 124 265 856 class B shares. Each class A share carries ten votes and each class B share one vote. Following previous buy-backs, the company holds 7 586 639 class B shares, corresponding to approximately 4.5 per cent of all shares, that are not represented at the Annual General Meeting. The total number of votes in the company therefore amounts to 576 730 536 (569 143 897 excluding shares owned by the company itself).

### Processing of personal data

For information about how personal data is processed, please visit <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

Stockholm, April 2020