

Directors' report

The Board and CEO of BillerudKorsnäs AB (publ), corporate identity number 556025-5001, herewith submit the annual report and consolidated annual accounts for the 2019 financial year. Figures for the previous year are stated in brackets, 2019 (2018).

This English version is a translation of the Swedish original.

BillerudKorsnäs' EBITDA and operating profit declined in 2019, by SEK 113 million and SEK 344 million or 4% and 24% compared with 2018. The decrease was mainly due to increased costs for raw materials and start-up effects of approximately SEK 640 million related to the new board machine in Gruvön, KM7. Compared to 2018, the costs were to some extent offset by a provision of SEK 452 million that was made in 2018.

The situation regarding the covid-19 pandemic are described in the Risk management and sensitivity analysis on page 75 and in disclosure 31, Events after the end of the period.

Market

BillerudKorsnäs offers innovative packaging solutions and sustainable packaging materials made from natural cellulose fibre. We are a leading producer and create value through our deep knowledge of materials and optimally designed packaging. The packaging market is showing a continued positive long-term trend driven by greater awareness of sustainability, urbanisation and new business models based on digitisation and logistics. During 2019 market conditions were initially strong but weakened during the second half of the year, particularly for sack paper and kraft paper for industrial use. Market conditions for liquid packaging board and cartonboard were stable. In addition to packaging materials, BillerudKorsnäs sells surplus long-fibre pulp and Northern Bleached Softwood Kraft (NBSK), which is not used in its own production. BillerudKorsnäs' base is in Europe, but are continuing to become established in other markets, including Asia.

During 2019 operations were divided into three divisions: Division Board, Division Paper and Division Solutions.

Division Board manufactures liquid packaging board, cartonboard as well as fluting and liner. All customers demand high quality and expect materials and services solutions that add value. The division also sells surplus pulp on the open market.

Division Paper manufactures and sells high-performance, premium-grade kraft and sack paper to selected segments in the manufacturing, medical equipment and consumer segments. The division also sells surplus paper pulp on the open market.

Division Solutions meets brand owners' growing demand for sustainable and effective packaging solutions and systems. The division's business is growing in two areas, the largest of which is currently Managed Packaging, which help global brand owners to take control of their packaging needs in Asia.

Sales volumes by division

ktonnes	2019	2018
Division Board	1 815	1 720
Division Paper	882	941
Other (intra group volume sales elimination)	-25	-20
Total	2 672	2 641

Net sales 2019, %

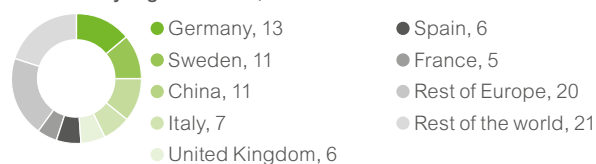


Net sales by divisions

SEKm	2019	2018
Division Board	13 692	12 679
Division Paper	8 142	8 523
Division Solutions	990	980
Other ¹	1 779	1 719
Currency hedging, etc.	-158	-209
Total	24 445	23 692

¹ Other include foremost sales from the Forestry organisation and transport services.

Net sales by region in 2019, %



Net sales by region

SEKm	2019	2018
Germany	3 207	3 133
Sweden	2 811	2 888
China	2 614	2 474
Italy	1 739	1 991
United Kingdom	1 491	1 330
Spain	1 388	1 157
France	1 145	1 041
Rest of Europe	4 923	4 567
Rest of the world	5 127	5 111
Total	24 445	23 692

Financial targets

To support BillerudKorsnäs' target for profitable growth and return for shareholders, the following financial targets have been established:

- Long-term target for growth of 3–4% per year.
- The EBITDA margin shall exceed 17%.
- Return on capital employed (ROCE) shall exceed 13%.
- Long-term target for interest-bearing net debt in relation to EBITDA should be less than a multiple of 2.5.
- The dividend policy is that the dividend shall be 50% of net profit.

Sales and earnings

Net sales for 2019 were 3% higher than in the previous year, mainly as a result of positive currency effects but also due to a marginal price increase.

Sales volumes grew with 1 %. Sales volumes for Division Board increased with 6% but due to weaker market demand Division Paper it's sales volumes with 6%.

EBITDA declined by SEK 113 million, after increases in raw material costs, and KM7 start-up effects of approximately SEK 640 million, partly offset by increased sales volumes and positive currency effect and cost savings. Compared to 2018, the costs were to some extent offset by a provision of SEK 452 million that was made in 2018, foremost related to unification of accounting principles regarding spare parts and workplace environment. Adjusted EBITDA, excluding its affecting comparability of SEK 1 million (591) (note 6), fell by SEK 645 million compared with the previous year, from SEK 3 476 million to SEK 2 831 million.

Net financial items totalled SEK 179 million (–89). Profit before tax was SEK 1 265 million (1 341) and estimated tax was SEK –254 million (–304). Net profit before discontinued operations totalled SEK 1 011 million (1 037).

Profit from discontinued operations was SEK 5 709 millions (–), primarily related to the divestment of a majority share of Bergvik Skog Öst. Net profit for the year including profit from discontinued operations, totalled SEK 6 720 million (1 037).

Return on equity including discontinued operations for the period was 41% (7) and return on capital employed was 4% (7). Return on capital employed adjusted for items affecting comparability was 4% (9). A total dividend of SEK 4.30 per share is proposed (4.30).

Key events 2019

BillerudKorsnäs completed the aquisition of Bergvik Skog Öst on May 31, and the sale of 89.9% to the pension company AMF on August 30. The sale resulted in a positive cash effect of approximately SEK 7.7 billion and a capital gain of approximately SEK 5.7 billion. Bergvik Skog Öst owned at completion of the sale approximately 317 000 hectares of forest land and had a net debt of approximately SEK 3.3 billion. BillerudKorsnäs will until further notice keep around 36 000 hectares of land from the original Bergvik Skog Öst. Bergvik Skog Öst and BillerudKorsnäs have agreed on a 15-year long agreement regarding the supply of wood, whereby BillerudKorsnäs will be the sole buyer of the wood volumes from Bergvik Skog Öst's lands. Furthermore, BillerudKorsnäs has the right to repurchase Bergvik Skog Öst at the end of this supply agreement

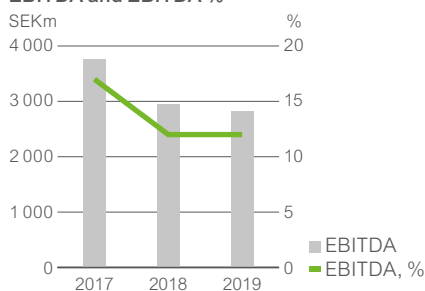
unless BillerudKorsnäs is offered an extension of the agreement on the current conditions. See note 35 and 10 for more information.

On October 3, the new board machine at Gruvön, KM7, was officially opened with a well-visited inauguration ceremony. See the section Investments and capital employed below for more information.

As a part of commercialising the paper bottle, BillerudKorsnäs and ALPLA formed a joint venture, Paboco® (former ecoXpac A/S), a group of brands including Coca-Cola, Absolut, Carlsberg and L'Oréal.

On November 4, The Board of Directors appointed Lennart Holm as acting CEO. Lennart Holm is a Board member of BillerudKorsnäs since 2012 and has been Chairman since 2014. Petra Einarsson left as CEO with immediate effect and the work to recruit a permanent CEO has started. As Lennart Holm assumed the role of acting CEO, the Board appointed Jan Åström as Chairman of the Board.

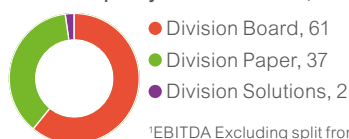
EBITDA and EBITDA %



Summary

	2019	2018
Net sales, SEKm	24 445	23 692
Operating profit before depreciation/ amortisation (EBITDA), SEKm	2 830	2 943
Gross margin (EBITDA), %	12%	12%
Operating profit/loss, SEKm	1 086	1 430
Operating margin, %	4%	6%
Return on capital employed, %	4%	7%
Profit/loss before tax, SEKm	1 265	1 341
Net profit/loss, SEKm	6 720	1 037
Earnings per share, SEK	32.50	5.01

EBITDA¹ split by division in 2019, %



EBITDA and EBITDA-margin by divisions

	2019		2018	
	SEKm	%	SEKm	%
Division Board	1 986	15	2 456	19
Division Paper	1 196	15	1 516	18
Division Solutions	64	6	14	1
Other	–257		–833	
Currency hedging, etc.	–159		–210	
Total	2 830	12	2 943	12

For quarterly data, see pages 134–135.

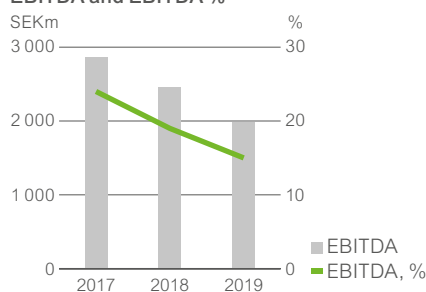
Operating segments

BillerudKorsnäs' operating segments in accordance with IFRS 8 have been identified and reflect its three Divisions: Division Board, Division Paper and Division Solutions. See Significant accounting policies from page 90.

Division Board

Division Board manufactures liquid packaging board, carton-board as well as fluting and liner. All customers demand high quality and expect materials and services solutions that add value. The division also sells surplus paper pulp on the open market. The mills Gävle, Gruvön, Frövi and Rockhammar belong to this division.

EBITDA and EBITDA %



Division Board

SEKm	2019	2018
Net sales	13 692	12 679
Operating expenses, net	-11 706	-10 223
EBITDA	1 986	2 456
EBITDA, %	15%	19%
Depreciation, amortisation and impairment losses	-1 175	-987
Operating profit/loss	811	1 469
Operating margin	6%	12%
ROCE, %	5%	10%
Sales volumes, ktonnes	1 815	1 720

Profit trend

Compared with the full year 2018, net sales rose by 8%. The rise is due to increased volumes and positive currency effects.

EBITDA fell by 19% compared with the full year 2018. The decrease is principally due to negative impact by KM7 start-up effects attributable to negative change in product mix due to high portion of pulp and second grade liner for containerboard.

Key events in 2019

Next generation

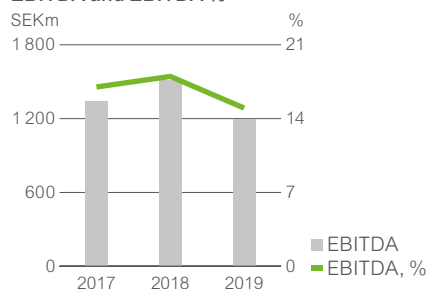
The ramp-up of the new KM7 board machine at Gruvön was a key event during 2019. When fully ramped up in 2023, the machine is expected to produce 550 000 tonnes annually. Test runs of the machine started in April and on 8 June it had paper on pope. Since the end of June the machine has been producing liner for customers. The process to certify materials will begin in the first half of 2020. The machine's production capacity will be increased over the course of the ramp-up process.

The changes in connection with the start-up of KM7 impacted EBITDA in 2019 by approximately SEK 640 million, whereof about two thirds in division Board and about one third in division Paper.

Division Paper

Division Paper manufactures and sells high-performance, premium-grade kraft and sack paper to selected segments in the manufacturing, medical equipment and consumer segments. The division also sells surplus paper pulp on the open market. The mills at Skärblacka, Karlsborg, Pietarsaari and Beetham belong to this division.

EBITDA and EBITDA %



Division Paper

SEKm	2019	2018
Net sales	8 142	8 523
Operating expenses, net	-6 946	-7 007
EBITDA	1 196	1 516
EBITDA, %	15%	18%
Depreciation, amortisation and impairment losses	-444	-426
Operating profit/loss	752	1 090
Operating margin	9%	13%
ROCE, %	14%	20%
Sales volumes, ktonnes	882	941

Profit trend

EBITDA decreased by SEK 320 million to SEK 1 196 million, and operating profit decreased by SEK 338 million to SEK 752 million, representing a decrease of 21% and 31% respectively.

The favourable market conditions from 2018 spilled over into the first months of 2019 with high demand and good price levels. During quarter two the market slowed down significantly mainly for sack paper and pulp. As a consequence prices fell and volumes reduced towards the second half of the year. This combined with a less favourable product mix impacted the profit negatively. Raw material prices also affected negatively compared to prior year and could only partly be offset by a positive currency development.

The weak demand means that we have adapted our production and focused on efficiency measures. Emphasis is also on maximising customer value and adding new applications.

Key events in 2019

Products launches

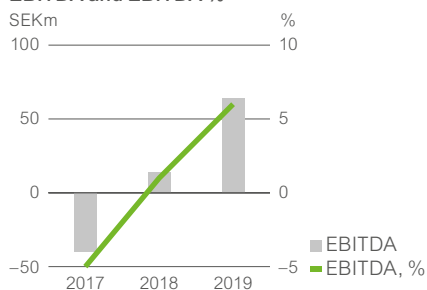
During the year BillerudKorsnäs developed Xpression E-com, a paper grade specially designed for the manufacture of strong mailing bags for e-commerce operators.

In December, BillerudKorsnäs launched Repel Pure, a machine glazed kraft paper for food packaging, where the grease-resistant barrier is plant-based. Repel Pure can replace grease resistant paper products treated by a high-fluorinated chemical and is good for the environment as its barrier is completely degradable.

Division Solutions

Division Solutions meets brand owners' growing demand for sustainable and effective packaging solutions and systems. The division's business is growing in two areas, the largest of which is currently Managed Packaging, which help global brand owners take control of their packaging needs in Asia.

EBITDA and EBITDA %



Division Solutions

SEKm	2019	2018
Net sales	990	980
Operating expenses, net	-926	-966
EBITDA	64	14
<i>EBITDA, %</i>	<i>6%</i>	<i>1%</i>
Depreciation, amortisation and impairment losses	-10	-13
Operating profit/loss	54	1
<i>Operating margin</i>	<i>5%</i>	<i>0%</i>

Profit trend

Net sales for the full year 2019 were 1% higher than in 2018 mainly driven by favourable currency rates and improved sales mix in Solutions Other.

EBTDA increased to SEK 64 million (14). Earnings were strengthened by an improved sales mix and positive currency effects. A favourable outcome of a technical complaint which occurred 2018 in Managed Packaging also had a positive impact. Furthermore, while additional fixed costs for positioning the division for future growth reduced it somewhat.

Key events in 2019

Sustainable Packaging in Asia

During the year Managed Packaging continued to extend its footprint by expanding its network of packaging suppliers in several regions in China and across the rest of South East Asia. Managed Packaging is constantly improving quality assurance and compliance with its network partners as well as measuring how the packaging is performing throughout the supply chain. In essence acting as a one point of contact for our clients, creating transparency and helping them take control of their packaging supply chain.

Products launches

During the year Solutions other announced that it is jointly launching a U-Bend straw together with The Paper Straw Company based on our unique FibreForm® material and a patented solution. The straw is biodegradable, resulting in a positive impact on littering compared to plastic straws.

Another novel packaging concept called Pearl was developed jointly with Syntegon (former Bosch Packaging Technology) and launched during the second half of the year to the packaging market. It aims to show how uniquely formed and right-sized small packages, called Shaped Paper Pods, can contribute to a more sustainable future by utilising the unique formability of FibreForm®. In industries like beauty and personal care, bread spreads, savoury and confectionery, single-use plastic packaging is widespread. The goal is to support these industries with a sustainable packaging system and replace plastic in product samples, inserts, refills, portion packs and disposable packaging.

Safety and production stability

During 2019 several initiatives have been executed across all mills with aim to increase safety for everyone working at Billerud-Korsnäs. The initiatives are both in regards to increase standards, rules but also change our culture. 2019 LTIFR ended on 7.3 (7.2).

Production stability initiatives continue, where we execute similar activities as we implement within safety. Meaning upgrading standards, cooperating with suppliers to increase preventive maintenance and developing our people. We see improvements in availability in critical machines.

Growth

Growth, which is measured as the increase in net sales adjusted for additions and deductions with amounts corresponding to the net sales of acquired and divested operations, was 3% in 2019.

SEKm	2019	2018
Net sales	24 445	23 692
Fastighets Marma Skog AB 31, acquired May 23, 2018	-	-
Paper Bottle Co A/S (ecoXpac A/S), acquired March 29 and divested July 9, 2019	-4	-
Net sales for comparable units	24 441	23 692

Investments and capital employed

Gross investments in 2019 totalled SEK 2 926 million (5 142).

The focus in 2019 was on the completion and start-up of the Gruvön (KM7) board machine. Safe and stable production has been the next focus area to increase productivity of the mills. For example an investment was made to build two pine oil production plants to obtain a more sustainable process. In addition actions were taken to secure the work environment.

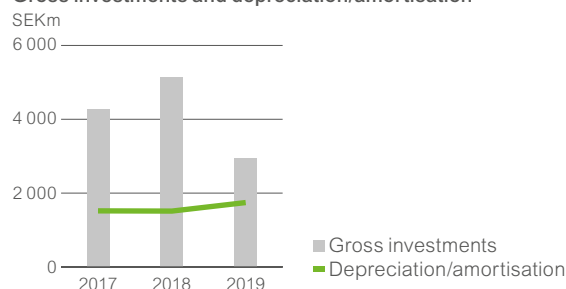
Total and final investments related to KM7, during the period from 2016 to 2020, will amount to around SEK 7 950 million, whereof SEK 1 637 million was recorded in 2019. This final investment amount includes a deduction of approximately SEK 200 million, relating to withheld payments to a supplier in the project. The supplier has raised claims against BillerudKorsnäs for the withheld payments. BillerudKorsnäs has raised claims against the supplier exceeding the withheld payments. The dispute will be tried in legal proceedings. Out of the total final investment amount of approximately SEK 7 950 million, the last approximately SEK 190 million will be paid during 2020.

BillerudKorsnäs' capital employed at 31 December 2019 totalled SEK 24 938 million (23 687). Return on capital employed (ROCE), calculated over the past 12-month period, was 4% (7). Return on equity was 41% (7). The increase of return of equity

was due to the sale of Bergvik Skog Öst. ROCE calculated using adjusted operating profit amounted to 4% (9).

Working capital in the fourth quarter was 8% (9) in relation to net sales.

Gross investments and depreciation/amortisation



Cash flow and financial position

Summary Cash Flow Statement

SEKm	2019	2018
Operating surplus, etc.	2 674	3 219
Change in working capital, etc.	-463	-267
Net financial items, taxes, etc.	108	-450
Cash flow from operating activities	2 319	2 502
Current net investments, excluding strategic investments	-1 262	-1 066
Operating cash flow before strategic investments	1 057	1 436

Operating cash flow before strategic investments amounted to SEK 1 057 million (1 436) for 2019. Operating cash flow before strategic investments include current net investments excluding the investment in KM7 at Gruvön, the MG investment at Skärblacka, the acquisition and sale of subsidiaries, and the divestment of Bergvik Skog Väst AB.

Change in working capital does not include accruals related to KM7 at Gruvön.

The above does not show the cash flow from the purchase and sale of Bergvik Skog Öst AB/BSÖ Holding AB. See the cash flow statement on page 85, and notes 35 and 10.

Interest-bearing net debt at 31 December 2019 amounted to SEK 5 476 million (9 333). The Group's net interest-bearing debt in relation to EBITDA at the end of the period was 1.9 (3.2). The ratio of net interest-bearing debt to adjusted EBITDA was 1.9 (2.7).

The implementation of IFRS 16 from 1 January 2019 increased interest-bearing liabilities by SEK 233 million at 31 December 2019, of which short-term liabilities accounted for SEK 89 million and long-term liabilities SEK 144 million. The impact on the ratio of net debt to EBITDA is 0.0 compared with IAS 17.

Financing

At 31 December 2019, interest-bearing loans totalled SEK 7 842 (9 024) million. Of the interest-bearing loans, bond loans totalled SEK 6 300 million (4 700), commercial papers SEK 0 million (1 600) and other interest-bearing debts SEK 1 542 million (2 724). Of the bond loans, SEK 400 million is due in 2020, SEK 800 million in 2021, SEK 1 700 million in 2022, SEK 1 800 million in 2023, SEK 600 million in 2024 and SEK 1 000 million in 2025.

The syndicated credit facility with a maximum limit of SEK 5 500 million falling due in 2024 was unused at year-end.

Capital Structure, Summary

31 December	2019	2018
Capital employed, SEKm	24 938	23 687
Financing:		
Interest-bearing net debt, SEKm	5 476	9 333
Interest-bearing net debt/EBITDA, multiple	1.9	3.2
Equity, SEKm	19 462	14 355
Net debt/equity ratio, multiple	0.28	0.65

Currency hedging

The currency hedging policy is to hedge 0–80% of net flows over the next 15 months. Any deviations from the policy must be approved by the Board of Directors.

Currency hedging had a combined earnings impact of SEK –231 million (–323) for 2019 (compared with if no hedging had taken place).

BillerudKorsnäs' outstanding foreign exchange contracts at 31 December 2019 had a market value of SEK 44 million, of which SEK –13 million is the portion of the contracts corresponding to accounts receivable that has affected earnings. Other contracts had a market value of SEK 57 million.

The hedged proportion of currency flows and the SEK exchange rates for EUR, USD and GBP at 31 December 2019 are shown in the table below.

Hedged proportions of currency flows for EUR, USD and GBP and exchange rates against SEK¹

Currency	Q1 -20	Q2 -20	Q3 -20	Q4 -20	Q1 -21	Total 15 months
EUR						
Proportion of net flow	80%	79%	80%	80%	80%	80%
Exchange rate	10.25	10.44	10.72	10.75	10.70	10.60
USD						
Proportion of net flow	65%	65%	65%	65%	53%	62%
Exchange rate	9.08	9.13	9.27	9.42	9.32	9.24
GBP						
Proportion of net flow	28%	–	–	–	–	6%
Exchange rate	12.28	–	–	–	–	12.12
Market value of currency contracts ¹	–18	–6	18	31	19	44

¹ At 31 December 2019.

Tax situation

BillerudKorsnäs' effective tax rate is normally estimated at 20–22%. The tax expense for 2019 was SEK 254 million, equivalent to a tax rate of 20.1%. The tax expense for 2018 was SEK 304 million, equivalent to 22.7%.

The rate of tax in Sweden is 21.4% and will be lowered to 20.6% in 2021. This has had a positive effect of 34 MSEK, which relates to revaluation of deferred tax.

Environmental and permit issues

BillerudKorsnäs has six production units in Sweden, one in Finland and one in the UK that require permits under environmental

legislation. These permits apply to the production of pulp and paper, and operation of landfills and ports where applicable. BillerudKorsnäs has all the official permits necessary to conduct operations at the volumes produced in 2019. The production units impact the environment through water discharges and air emissions as well as noise and waste generation. In addition, raw materials are consumed such as wood, chemicals and energy. Inbound and outbound transportation has an indirect environmental impact.

BillerudKorsnäs' Swedish production units have been awarded emission rights for carbon dioxide within the EU. The allocation for the eight-year period that began in 2013 exceeds total projected emissions.

Under Chapter 6 Section 11 of the Annual Accounts Act, BillerudKorsnäs AB (publ) has chosen to prepare the statutory sustainability report as a separate report from the annual accounts on pages 34–51, 74–79, 123–130 and a GRI index available at <https://www.billerudkorsnas.com/sustainability>. The report has been prepared in accordance with the Global Reporting Initiative (GRI) guidelines for sustainability reporting, GRI Standards.

Product and process development

The costs of product and process development, to the extent attributable to research activities, are charged to profit in the year that they arise. In the past year, such costs accounted for approximately 0.5% (0.5) of BillerudKorsnäs' operating costs.

Seasonal effects

BillerudKorsnäs' business is to a relatively limited extent subject to seasonal fluctuations. Periodical maintenance shutdowns have the largest impact, as each production unit stops production for around one week. The loss of production results in somewhat lower deliveries over an extended period before, during and after the shutdown. BillerudKorsnäs' costs are relatively stable throughout the year. Fixed costs are slightly lower in the summer, however, due to fewer maintenance projects and holidays. Energy costs are slightly higher in the winter because of higher energy consumption and normally higher energy prices, especially for electricity.

Maintenance shutdowns

In addition to ongoing maintenance during production, BillerudKorsnäs' production units normally also require more extensive maintenance at some point during the year. In order to carry out maintenance, production of pulp and paper is stopped. The principal cost items in a maintenance shutdown are loss of volumes arising

from the shutdown and fixed costs, mainly maintenance and overtime costs, as well as a certain portion of variable costs including higher consumption of electricity and wood when production is restarted. The effects of shutdowns on earnings vary depending on the extent of measures carried out, their nature and the actual length of the shutdown. The estimated cost of shutdown is an assessment of the impact on earnings of a normal shutdown, compared to a quarter during which no periodic maintenance shutdown takes place.

Other seasonal effects

A considerable share of volumes for BillerudKorsnäs Flute® are used for packaging for exporting fruit from the Mediterranean area. Demand by this group of customers varies with the fruit export season and is usually highest in September–March.

A considerable share of BillerudKorsnäs' sack paper and Quick-Fill® sack paper goes to packaging for cement and building materials. The demand for building materials in Europe is generally higher in May–October.

Share structure

At 31 December 2019, the share capital totalled SEK 1 537 642 792, represented by 208 219 834 shares. The number of shares on the market totalled 206 789 772.

At 31 December 2019, BillerudKorsnäs' holdings of treasury shares totalled 1 430 062, representing a decrease of 89 129 shares compared with 31 December 2018. These bought-back shares are held as security for conditional rights in the long-term incentive programmes.

During 2019 BillerudKorsnäs transferred 89 129 shares under the long-term incentive programme resolved by the 2016 Annual General Meeting. No shares were repurchased during the year.

Distribution of shares

31 December	2019
Registered number of shares at start of year	208 219 834
Repurchased shares in Company treasury	–1 430 062
Shares on the market	206 789 772

BillerudKorsnäs shares

The share capital of BillerudKorsnäs AB is represented by 208 219 834 ordinary shares, of which 1 430 062 are owned by BillerudKorsnäs AB. Each share carries an entitlement to one vote at the AGM. Transfer of shares is not restricted by law or by the Company's articles of association.

Maintenance shutdowns

Production unit	Shutdown cost in 2019	Estimated shutdown cost	Estimated distribution of shutdown cost by Division			Planned times for maintenance shutdowns		
	SEKm	SEKm	Division Board	Division Paper	Division Solutions	2020	2019	2018
Gävle	150	~ 150	100%	–	–	Q2	Q2	Q3
Gruvön	139	~ 155	~ 95%	~ 2%	~ 3%	Q3	Q3	Q2
Frövi	111	~ 110	100%	–	–	Q4	Q4	Q4
Skärblacka	158	~ 150	~ 10%	~ 90%	–	Q4	Q2	Q2
Karlsborg	55	~ 55	–	~ 98%	~ 2%	Q3	Q3	Q3
Pietarsaari	–	~ 15	–	100%	–	Q2	–	Q4
Rockhammar	15	~ 15	100%	–	–	Q4	Q4	Q4
Total	628	~ 650						

Maintenance shutdowns at Beetham have an insignificant effect on BillerudKorsnäs' total earnings.

The largest shareholder, Frapag Beteiligungsholding AG, owned 31 300 000 shares at 31 December, corresponding to 15.1% of the shares in the market. No other shareholder owned 10% or more of the total number of shares at 31 December 2019. The Company knows of no agreements between shareholders that may restrict the right to transfer shares. Appointment and dismissal of Board members, and changes to the articles of association, are subject to approval by the AGM. Agreements between the Company and other employees that regulate their own resignation or dismissal by the Company conform with normal labour market practice.

Parent company

The parent company BillerudKorsnäs AB includes the head office and support functions.

Operating profit for 2019 was SEK –321 million, compared with SEK –458 million for 2018. The operating loss includes the effect of hedging contracts and revaluations of trade receivables.

The parent company hedges both its own and the Group's net currency flows. The parent company's earnings include the results of these hedging measures. These earnings were SEK –231 million (–323) in 2019.

The parent company is responsible for the Group's financing issues, and most of the Group's external interest-bearing debt is raised by the parent company.

The average number of employees was 132 (115). Cash and bank balances, and short-term investments totalled SEK 3 260 million (292).

Risk management in parent company

For a description of the Group's risk management, see the 'Risk management and sensitivity analysis' section. The description applies, where appropriate, to both the Group and parent company. Specific differences concerning the parent company are commented on under this heading.

For an understanding of the risk exposure in the parent company, the following should be taken into account:

Customer credit

The parent company's accounts receivable represent approximately 80% of the Group's accounts receivable, because a large share of the production units accounts receivable are taken over by the parent company after invoicing and are collected by the parent company. However, the risk of any bad debt losses remains with the invoicing company. Of total provision within the Group for doubtful accounts receivable in 2019, SEK 0 million (0) was attributable to the parent company.

Exchange rate exposure

All forward foreign exchange contracts for the Swedish operations are taken out by the parent company, while the exposure to payment flows in foreign currency is borne by all the Swedish, Finnish and British production units. Exposure for the parent company is thus lower than that of the forward contracts signed. This applies up to the invoicing date, because the parent company takes over the accounts receivable for the Swedish, Finnish and British production units. At year-end 2019, foreign exchange contracts not yet recognised in profit/loss for the parent company nominally totalled SEK 4 624 million (4 881), of which SEK 3 623 million will be recognised in profit/loss in 2020 and SEK 1 001 million in 2021.

Interest rate risk

The Group's borrowing is conducted primarily via the parent company and accounted for 100% (95) of the Group's total borrowing at 31 December 2019. As a result, the parent company has the same exposure to changes in interest rates as the Group.

Proposed allocation of profit

As shown in Note 21, non-restricted equity in the parent company, BillerudKorsnäs AB, totalled SEK 6 851 million at 31 December 2019.

BillerudKorsnäs' financial targets state that dividend is to be 50% of net profit and that the long term ratio of interest-bearing net debt to EBITDA is to be less than 2.5. Group interest-bearing net debt in relation to EBITDA at the end of 2019 was 1.9 (3.2) times. BillerudKorsnäs' Board of Directors proposes that, of the earnings per share of SEK 32.50, an ordinary dividend of 4.30 per share, and that the remaining amount be carried forward. The proposal corresponds to approximately 13% of the Group's net profit, including profit from discontinued operations, Bergvik Skog Öst.

Proposal for mandate to buy back and transfer shares

On the back of the successful Bergvik Skog Öst transaction, the Board decided to propose additional measures for returning excess capital to the shareholders and to optimize the capital structure of BillerudKorsnäs. The Board has therefore decided to propose to the AGM 2020 that the Board be mandated to decide on the acquisition of own shares via Nasdaq Stockholm to an extent that the company's treasury holding does not at any time exceed 10% of all the shares in the company.

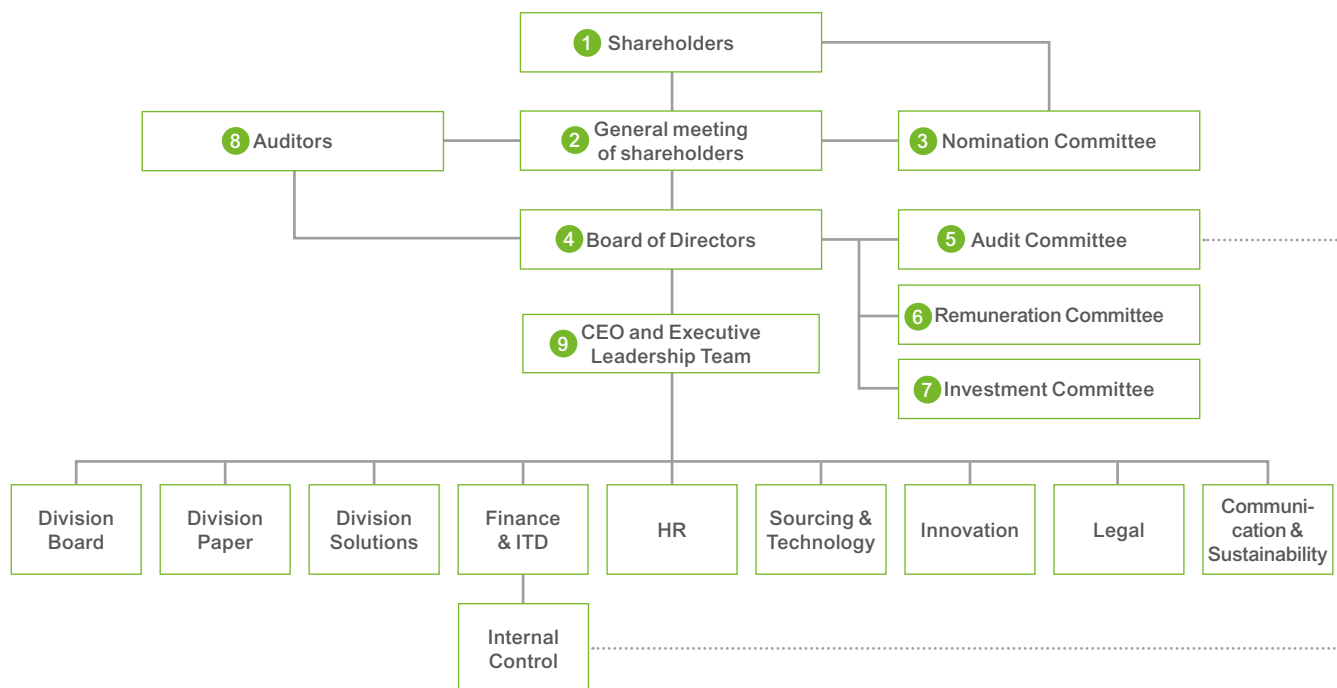
The Board also decided to propose that it be mandated by the AGM 2020 to up until the next AGM make decisions to transfer or cancel the company's own shares that are not needed to fulfill the company's long term share based incentive programs.

Events after the close of the financial year

See Note 31 for Events after the end of the period.

Corporate governance in BillerudKorsnäs

Corporate governance relates to decision-making systems by which the shareholders, directly or indirectly, control the company. The following section provides details about corporate governance within BillerudKorsnäs. This report on BillerudKorsnäs' corporate governance in 2019 has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. The report has been reviewed by BillerudKorsnäs' auditor, see pages 120–122.



Corporate governance in BillerudKorsnäs

Examples of external regulations affecting BillerudKorsnäs' governance:

- The Swedish Companies Act
- Accounting legislation, including the Swedish Annual Accounts Act and IFRS
- Nasdaq Stockholm's Rulebook for Issuers
- The Swedish Code of Corporate Governance

Examples of internal regulations affecting BillerudKorsnäs' governance:

- Articles of association
- Board of Directors' instructions and rules of procedure
- BillerudKorsnäs' Code of Conduct
- BillerudKorsnäs' internal steering documents

As a publicly traded Swedish company listed on Nasdaq Stockholm, BillerudKorsnäs applies the Swedish Code of Corporate Governance ('the Code'). The Code is available at www.corporategovernanceboard.se, where a description of the Swedish model for corporate governance is also provided.

The Code is based on the principle of "comply or explain". This means that a company that applies the Code may deviate from particular rules but will then have to provide an explanation giving the reasons for the deviation. In 2019, as in previous years, BillerudKorsnäs deviated from the Code's rules that Board members should not also be the chairman of the Nomination Committee. This deviation from the Code is explained in more detail in the Nomination Committee section below. No other deviation from the Code occurred. During the year, BillerudKorsnäs complied with Nasdaq Stockholm's Rulebook for Issuers and good stock market practice.

1 Shareholders

BillerudKorsnäs' shares are listed on Nasdaq Stockholm. At year-end 2019, the total number of shareholders was 96 846, compared with 97 563 at the previous year-end. Each share carries an entitlement to one vote. The proportion of foreign ownership was 37.3% (36.4) of the number of shares on the market. Other groups of shareholders consisted of Swedish mutual funds 22.0% (23.2), Swedish individuals including closely held companies 24.1% (21.6)

and Swedish institutions 16.6% (18.8). The largest shareholder, Frapag Beteiligungsholding AG, owned 31,300,000 shares, corresponding to 15.1% of shares on the market. No other shareholder owned 10% or more of the number of shares at the end of 2019. Further details about the company's shares, shareholders, and the like are presented in the section "BillerudKorsnas shares", and on the company's website, www.billerudkorsnas.com.

2 General meeting of shareholders

The general meeting of shareholders is the company's highest decision-making body. Shareholders exercise their voting rights at general meetings of shareholders. Notice of general meetings of shareholders is posted on the Company's website and published as an advertisement in The Official Swedish Gazette. An announcement that the notice has been issued is published simultaneously in Svenska Dagbladet.

Normally, the Annual General Meeting (AGM) is held in April or May. The AGM decides on matters such as the adoption of the Company's annual accounts, appropriation of the Company's profits and the discharge of Board members and the CEO from liability for the year. The AGM also elects members of the Board and auditors and votes on the establishment of a Nomination Committee, fees for the Board of Directors and auditors and guidelines for determining the salaries and other remuneration for the CEO and Executive Leadership Team. Shareholders attending the AGM also have the opportunity to ask questions about the Group's activities. Resolutions passed at a meeting of shareholders are disclosed after the meeting in a press release, and the minutes of the meeting are published on the Company's website.

2019 Annual General Meeting

The 2019 AGM took place on 9 May 2019, and addressed matters customarily dealt with at the AGM. The AGM also voted to introduce a long-term incentive programme (LTIP 2019). The minutes and other documents from the AGM are available on the Company's website.

2020 Annual General Meeting

BillerudKorsnäs' 2020 AGM will take place on 5 May 2020 in Stockholm, and notice of the AGM will be made in the beginning of April 2020. Shareholders wishing to add an item to the agenda of the AGM may, in accordance with the instructions on the Company's website, propose the item to the Company no later than seven weeks before the meeting.

A full text of the notice of the 2020 AGM, including details of how to register for attendance at the meeting, is posted on the Company's website.

3 Nomination Committee

The main task of the Nomination Committee is to produce proposals for Board members and auditors, for remuneration to such persons, and a proposal for a chairman for the AGM, prior to the AGM. The current Nomination Committee instructions require BillerudKorsnäs to have a Nomination Committee consisting of four members appointed by the Company's major shareholders. Please see the table below for the composition of the Nomination Committee for the 2020 AGM. For further information about the Nomination Committee instructions, see www.billerudkorsnas.com.

The Nomination Committee held several meetings prior to the 2019 Annual General Meeting, as well as contacts between meet-

ings by telephone and e-mail. In accordance with instructions on the company's website, shareholders were welcome to present proposals and opinions to the Nomination Committee by e-mail or post. Under the Code, the Nomination Committee's reasoned statement concerning the Nomination Committee's proposal to the Board should include a brief description of the diversity policy which the Nomination Committee has applied in drawing up its proposal to the Board. The Nomination Committee has stated that it has applied rule 4.1 of the Code as diversity policy during 2019. The objective is that the composition of the Board shall be appropriate, versatile and comprise a diverse set of Board members including in relation to gender, age and nationality, as well as experiences, professional backgrounds and business disciplines matching BillerudKorsnäs' key priorities. There is a special section on the company's website www.billerudkorsnas.com headed "Nomination Committee" containing further information about the Nomination Committee and its proposals to the AGM.

Composition of and voting representation on the Nomination Committee

Representative	Shareholder	Share of voting power, % ¹
Michael M.F. Kaufmann	Frapag Beteiligungsholding AG	15.1
Tomas Risbecker	AMF Insurance and Funds	9.4
Thomas Wuolikainen	Fourth AP Fund	6.6
Lennart Francke	Swedbank Robur funds	6.5

¹ At 31 December 2019.

Board member Michael M.F. Kaufmann was appointed Chairman of the Nomination Committee prior to the 2020 Annual General Meeting. This is a deviation from the stipulation by the Code that a Board member may not be chairman of the Nomination Committee. However, under the Nomination Committee guidelines determined by the AGM, the chairman of the Nomination Committee should be the member appointed by the major shareholder, and it has been considered acceptable that Michael M.F. Kaufmann assumes this position. Michael M.F. Kaufmann has been chairman of the Nomination Committee in recent years.

4 Board of Directors

Composition

The articles of association stipulate that the Board of Directors of BillerudKorsnäs has to consist of not fewer than six members and not more than ten members, with no more than six deputies.

The 2019 AGM established that the Board of Directors should consist of eight members and voted to re-elect all current Board members; Tobias Auchli, Andrea Gisle Joosen, Bengt Hammar, Lennart Holm, Michael M.F. Kaufmann, Kristina Schauman, Victoria Van Camp and Jan Åström. The annual general meeting also decided to re-elect Lennart Holm as chairman of the board and Michael M.F. Kaufmann as deputy chairman of the board. In November 2019, the Board resolved to appoint Jan Åström as chairman of the board instead of Lennart Holm, in connection with the board's appointment of Lennart Holm as acting CEO of the company. Lennart Holm has however remained as a member of the board. The employee organisations have appointed two employee representatives to serve on the Board. These are Gunnevi Lehtinen Johansson and Nicklas Johansson, and as deputies, Ulrika Gustafsson and Bo Knöös. Other than Lennart Holm, who is currently acting CEO of the company, and the employee representatives and their deputies, none of the Board members are employed by the Group. Kristina

DIRECTORS' REPORT

Schauman had the assignment as acting CFO between November 2018 and May 2019. Of the Board members elected by the AGM, three are women and five are men.

The composition of the Board meets the Code's requirements as to independence in relation to the Company, the Company's management and the Company's major shareholders. For further details about the Board of Directors and information on the independence of the Board members, their duties outside the Group and their holdings of shares in BillerudKorsnäs, see the section "Board of Directors" on pages 72–73.

Organisation of the work of the Board

The Board of Directors is the Company's highest administrative body below the AGM. The Board of Directors is charged with the organisation of the Company and management of the Company's affairs, ensuring that the Company's organisation is structured such that accounting, asset management and the Company's financial affairs otherwise are supervised in a satisfactory manner and with assessing the Company's financial situation on an ongoing basis.

The work of the Board follows written rules of procedure to ensure that the Board obtains information on all issues, and that all aspects of the Company's activities relating to the Board are addressed. The Board has also established a number of general policies for the Company's activities. They include the Company's code of conduct, which summarises the Company's responsibilities, values and goals.

The Board's work follows an annual cycle in order for it to optimally accomplish its tasks. At the beginning of the year, the Board considers the year-end report and the annual report, as well as matters to be submitted to the AGM. At the end of the year, the Board considers the budget for the year ahead. Every quarter, the Board reviews the Group's earnings, and interim reports are approved for publication. An inaugurating Board meeting is held in connection with the AGM at which members of the Board's committees are appointed and the Board decides on matters such as the right to sign on behalf of the Company. Once a year, the Board has an extra meeting primarily dedicated to strategy issues, and the execution of the key strategic initiatives is subsequently followed up at every Board meeting.

Work of the Board in 2019

The Board held 19 meetings in 2019, including the inaugurating meeting. For information on attendance at these meetings, see

the table below. Before each meeting, Board members received an approved meeting agenda and written material concerning issues to be addressed at the meeting.

The Board addressed, on an ongoing basis, strategic issues relating to the Company's operations and focus, follow-up of previous acquisitions and investments, new investments above a certain level and other matters. An important aspect of the Board's work are the financial reports that are presented at each ordinary Board meeting. The Board also receives monthly reports on the Company's financial position. At ordinary meetings, reports are submitted about ongoing work relating to the divisions and Group functions.

During the year, the Board focused strongly on production-related issues and on safety issues, with regard both to measures to achieve improved stability and safety in existing production capacity and to follow-up and monitor the major new investment projects. These relate to the KM7 investment in Gruvön and the investment at Skärblacka into a world-leading centre for the manufacturing of machine-glazed kraft paper (MG paper). The Board also worked on other strategically important issues, such as potential company acquisitions, including the acquisition and subsequent sale of Bergvik Skog Öst and the strategic aspects thereof. The Board has also focused on the updated strategy for the company, which was approved in Q3 2019. Furthermore, the Board continuously evaluates the management of the company, and in November 2019, after due consideration, the Board took the decision to appoint Lennart Holm as new acting CEO of the Company, replacing the former CEO Petra Einarsson. Subsequently, the Board has initiated a work to find a new permanent CEO for the Company. Other recurring issues on the Board's agenda are the company's work on sustainability and innovation.

In addition to participating in the audit committee meetings, the Company's auditor also participated in a Board meeting at which Board members had the opportunity to ask the auditor questions without representatives of the Company's management being present.

Assessment of the Board and the CEO

BillerudKorsnäs has procedures for assessing the work of the Chairman and members of the Board each year. The assessment serves as input for an action plan for improvements and as background to the Nomination Committee's work as they assemble a Board. With respect to 2019, a detailed internal assessment of the Board's work was conducted, including interviews

Attendance at Board meetings and committee meetings

Member	Position	Board meetings	Audit Committee meetings ¹	Remuneration Committee meetings ²	Investment Committee meetings
Jan Åström	Chairman	19/19		6/6	4/5
Michael Kaufmann	Deputy chairman	12/19		5/6	
Tobias Auchli	Member	19/19	5/5		5/5
Andrea Gisle Joosen	Member	19/19	5/5	1/1	
Bengt Hammar	Member	17/19			5/5
Lennart Holm	Member	19/19		4/5	
Gunnevi Lehtinen Johansson	Member	19/19			
Nicklas Johansson	Member	16/19			
Kristina Schauman	Member	18/19	3/3		
Victoria Van Camp	Member	17/19			5/5

¹ The audit committee consisted of Kristina Schauman, Andrea Gisle Joosen and Tobias Auchli, except for the period when Kristina Schauman stepped out of the Audit Committee in November 2018–May 2019 when she was appointed acting CFO.

² The remuneration committee consisted of Jan Åström (Chairman), Michael Kaufmann and Lennart Holm. From November 2019, when Lennart Holm was appointed CEO of the Company, the committee consists of Jan Åström (Chairman), Michael Kaufmann and Andrea Gisle Joosen.

with each member of the Board. The purpose of the assessment is to gain an understanding of Board members' views about how the Board's work is conducted and what measures could be taken to make the work of the Board more effective. It also aims to gain an understanding of what type of issues the Board believes should be accorded more scope and what areas may require additional capabilities within the Board. The results of the assessment were discussed by the Board and presented to the Nomination Committee. The Board also continuously assesses the work of the CEO, without the CEO being present. As described above, in November 2019 the Board took the decision to appoint Lennart Holm as new acting CEO of the Company, replacing the former CEO Petra Einarsson.

Board committees

The Board currently has three Board committees as part of efforts to streamline and strengthen the work of the Board on certain issues: a remuneration committee, an audit committee and an investment committee. The committee members are appointed for one year at a time at the inaugurating Board meeting and the work and authority of the committees are regulated by the committee instructions, which are reviewed and adopted annually.

The committees have a preparatory and administrative role. Issues addressed at committee meetings are documented in meeting minutes and reported at the following Board meeting, where resolutions are made (as applicable).

5 Audit Committee

To support the Board in its role in supervising auditing issues, the Board has appointed a separate audit committee. The audit committee's main role is to contribute to a good standard of financial reporting and to ensure that the Company is audited in a professional, efficient and independent way. Without having an impact on the Board's other responsibilities and tasks, the audit committee has the responsibility to address important accounting issues and general taxation issues that affect the quality of the Company's financial reporting. With regard to financial reporting, particular attention is to be paid to the effectiveness of the Company's internal control and risk management. The audit committee is also charged with assisting in the preparation of proposals for decisions by general meetings on the election and remuneration of auditors.

To ensure that the work of the Board and the audit committee is performed in a structured manner, and to satisfy the Board's information requirements, the Company auditor reports directly to the audit committee and the Board on certain occasions. The committee continuously reports the results of its work, in the form of observations, recommendations and proposed resolutions and action to the Board, which makes any decisions that result from the committee's work. The audit committee consisted of Kristina Schauman (Chairman), Andrea Gisle Joosen and Tobias Auchli, except during the period when Kristina Schauman was appointed acting CFO (November 2018 until May 2019) and the committee consisted of Andrea Gisle Joosen (Chairman) and Tobias Auchli. An employee representative attends the meetings of the audit committee.

Work in 2019

The committee held five meetings in 2019. During the year, the committee addressed auditing issues, audit plan for 2019, enterprise risk management, internal control, financing issues,

currency hedging issues and tax issues. The committee met prior to each interim report and the year-end report. These meetings addressed accounting and reporting issues related to the reports. The chairman of the audit committee reported regularly to the Board regarding issues reported on the audit committee meetings. The Board's work on internal control related to financial reporting is summarised in "Internal control and risk management for financial reporting".

6 Remuneration Committee

The principal function of the remuneration committee is to prepare the Board's decisions on matters relating to remuneration principles, remuneration amounts and other remuneration related employment terms for members of the Executive Leadership Team. The committee shall monitor and evaluate programmes for variable compensation to the Executive Leadership Team and monitor and evaluate the implementation of guidelines for remuneration to senior executives, remuneration structures and remuneration levels. More specifically, the committee's tasks include proposing a general policy on salaries, remuneration and other employment terms generally within BillerudKorsnäs, guidelines on remuneration to senior executives and to approve the CEO's proposal for salaries and remuneration for the Executive Leadership Team. The committee also makes proposals to the Board, who decides on the salary and other remuneration for the CEO. The remuneration committee consists of Board members Jan Åström (Chairman), Michael M.F. Kaufmann and Andrea Gisle Joosen. Before November 2019, when Lennart Holm was appointed acting CEO of the company, the committee consisted of Jan Åström (Chairman), Michael M.F. Kaufmann and Lennart Holm.

Work in 2019

The committee held six meetings in 2019. In 2019, the committee considered bonus payments with respect to 2018, and salary reviews for the Executive Leadership Team in 2020. Further, the committee evaluated the Long Term Incentive Program (LTIP) and prepared a proposal for LTIP 2020 to be proposed to the Annual General Meeting. In addition, the committee also handled remuneration for newly recruited members of the Executive Leadership Team and the CEO. The guidelines on remuneration to the CEO and other senior executives, as well as the actual figures, are contained in Note 28.

7 Investment Committee

The Board has established a special investment committee whose main task is, on behalf of the Board, to examine and prepare certain issues relating to the Company's agenda regarding investments, corporate acquisitions and research and development, as well as assisting management with these issues. The committee consists of Board members Bengt Hammar (Chairman), Victoria van Camp, Tobias Auchli and Jan Åström.

Work in 2019

The committee held five meetings in 2019. In 2019, the committee focused primarily on matters related to the investment project in Gruvön, other new investments, strategic wood supply and the there to related acquisition and subsequent sale of Bergvik Skog Öst, as well as the company's work to achieve safe and stable production.

8 Auditors

The Company's auditors are appointed by the general meeting of shareholders. At the 2019 AGM, the audit firm KPMG AB, with principal auditor Ingrid Hornberg Román, was elected as the Company's auditor for the period until the end of the 2020 AGM. Ingrid Hornberg Román is currently also auditor for Apoteket, Linas Matkasse, OK Ekonomisk Förening, RISE Research Institute of Sweden and SOS Alarm.

The auditor's duties include keeping the Board informed regarding the planning, scope and content of the annual audit, auditing interim reports and the year-end accounts in order to assess their accuracy and comprehensiveness and compliance of the accounts with generally accepted accounting practices and relevant accounting policies. Duties also include informing the Board about services provided over and above auditing services, the compensation for such services, and other circumstances affecting the independence of the auditors. To ensure that the work of the Board and the audit committee is performed in a structured manner, and to satisfy the Board's information requirements, BillerudKorsnäs' auditors met with the audit committee on five occasions and the Board, without the presence of the senior management, on one occasion in 2019.

9 CEO and Executive Leadership Team

The Company's Chief Executive Officer (CEO) is appointed by the Board of Directors. In November 2019, after due consideration, the Board took the decision to appoint Lennart Holm as new acting CEO of the Company, replacing the former CEO Petra Einarsson. The CEO is responsible for the ongoing management of the Company's and Group's business operations in accordance with instructions and regulations established by the Board. These instructions include responsibility for financial reporting, preparation of information and input for decisions, and ensuring that agreements and other measures do not conflict with applicable legislation or regulations.

The CEO and the Executive Leadership Team (ELT) are jointly responsible for daily operations. The CEO has appointed an ELT that is responsible for different parts of the business. The ELT consists of the CEO, the heads of the three business divisions (Board, Paper and Solutions) and the heads of Group functions (Sourcing & Technology, Innovation & Strategic Projects, Finance & ITD, Legal, Communication, Sustainability and HR). For further information about the members of the ELT, see pages 70–71.

The role of the ELT is to establish Group-wide values and a long-term vision, as well as strategies and policies for the Group based on the objectives set by the Board. The ELT sets targets for operational activities, allocates resources and monitors the business' earnings. The ELT is also responsible for investment planning and follow-up, acquisitions and divestments, and for preparations for Board meetings. The ELT is taking active measures to involve employees in developing the corporate strategy and culture and to fulfil its values.

The CEO chairs ELT meetings and makes decisions in consultation with the other senior executives. The ELT usually meets monthly to review the financial performance of the preceding month, update forecasts and plans, as well as to discuss strategic issues. In addition, the ELT meets bi-weekly for short telephone conferences, and as necessary.

BillerudKorsnäs governance framework

During 2018, the Company underwent a re-organization resulting in the creation of three new business divisions and a number of supporting corporate functions. In connection with this, the Company has made a review and update of the Company's governance framework to ensure alignment and efficiency throughout our organization. The new framework unites our organization through common governing principles, standards and selected processes.

The governance framework aligns our strategy and operation by setting objectives and principles under the following main headings; Governance, Culture and Corporate Values, Corporate Processes, Group Strategy & Risk Management, Policies & Directives, Performance Management, Organization, Reviews, Controls and Audits and Tools.

Each division is responsible for the profit and loss and has the mandate to independently run the business operations within the boundaries set by the governance framework. The divisions implement strategies and develop processes and procedures as needed for effective execution of the strategy. The status and improvements of key performance indicators are monitored and reported to relevant functions within BillerudKorsnäs. Divisions are responsible for implementing mandatory standards, processes and adhere to the governance framework as applicable.

Corporate functions are responsible for maintaining, developing and supporting implementation of the governance framework, focusing on Group and governance matters to support the overall success of BillerudKorsnäs operations.

An important element of our governance framework is the steering document framework, which ensures that governing documents in BillerudKorsnäs are established, implemented, applied, monitored and reviewed consistently and appropriately across the Group. The Board has adopted a specific set of eight policies that steer the company on the top level (however below our Code of Conduct); Governance Policy, Responsible Business Policy, Sustainability Policy, Communication & Information Policy, Finance Policy, People Policy, Operations & Quality Policy and Safety Policy.

Guidelines for remuneration to senior executives

The 2019 AGM adopted guidelines on the remuneration of senior executives in the Group. The guidelines state, for example, that BillerudKorsnäs has to apply market-related remuneration levels and employment terms that are appropriate in order to recruit and retain a management team with a high level of expertise and capacity to achieve set goals. Remuneration may be in the form of fixed or variable salary, long-term incentive programmes and other benefits such as company car and pension. Fixed and variable salary shall be determined in relation to competence, area of responsibility and performance. Variable remuneration is paid depending on actual results measured against detailed targets, up to a set maximum percentage of a fixed annual salary. The maximum percentage may vary between 30–70% of the fixed annual salary for the Executive Leadership Team. However, variable remuneration is to be paid only if the BillerudKorsnäs Group's operating result is positive. Notice of termination is normally 6–12 months, and if the Company gives notice, severance pay is to be a maximum of 12 months' salary.

For the complete resolution on principles for remuneration, see Note 28. The Board's proposal for guidelines in 2020 is presented in the section "Remuneration at BillerudKorsnäs".

Remuneration at BillerudKorsnäs

BillerudKorsnäs endeavours to attract, retain and develop the right people through a competitive remuneration package that clearly links pay to performance. BillerudKorsnäs' short- and long-term incentive plans are developed in line with the Group's strategic and financial targets, designed to deliver sustainable value for shareholders whilst realising the Group's strategy.

BillerudKorsnäs has a clear philosophy on remuneration which is based on principles of competitive national and regional pay levels that help attract, retain and develop the right people. The Group's remuneration philosophy shall support the Group through our managers and employees realising BillerudKorsnäs' vision and operating targets.

The purpose of the remuneration guideline is to support BillerudKorsnäs by encouraging employees to understand the Group's overall objectives and strategies. The remuneration shall support internal and external pay equity and create a clear line of sight between performance, pay and development. The remuneration committee aims for remuneration to not be set in an overly automated way and for decisions to not be perceived as arbitrary or unfair.

Remuneration Components in BillerudKorsnäs

Fixed pay

Fixed pay is based on market pay levels and is set on the basis of a pay scale taking account of experience, skills, performance and area of responsibility. Fixed pay is reviewed annually in the annual pay review process, where pay is considered in accordance with employee performance and relative pay levels for the role in relation to the external market.

Variable pay

Short-term incentive programme (STIP)

Variable pay in the shape of STIPs are earned depending on

actual results measured against Group detailed targets, up to a set maximum amount or percentage of fixed annual base pay. The Group uses a consistent variable pay process for all staff to highlight the link between individual performance and the Group's earnings. Variable pay is only exercised if the BillerudKorsnäs Group has a positive operating profit.

Long-term share-based incentive programme (LTIP)

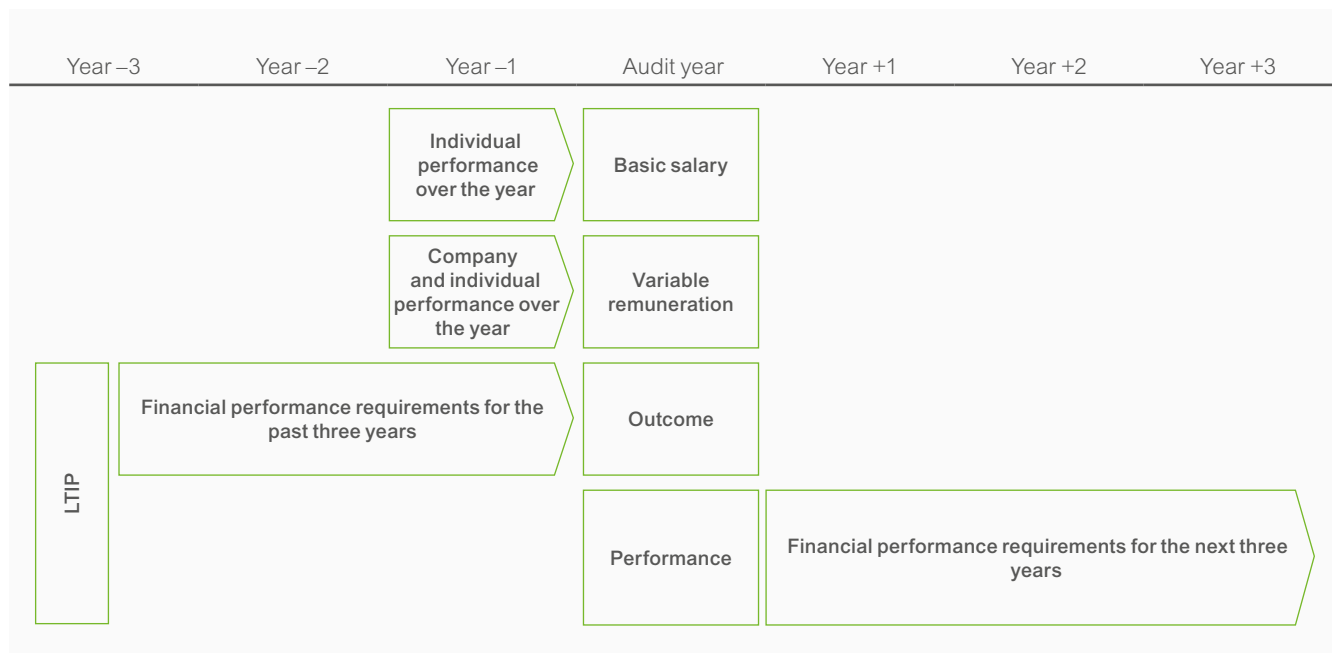
The purpose of BillerudKorsnäs' LTIP is to increase the Groups' ability to retain senior executives and key employees by linking their financial interests to the shareholders. To participate in the programme participants must hold privately purchased saving shares until the end of each programme. The LTIP runs over three years and the outcome depends on the achievement of various financial and share price-linked performance requirements.

Retirement

BillerudKorsnäs offers pension benefits as stipulated by the collective bargaining agreement in the markets where this is applicable or otherwise to the median of the national market.

Other benefits

These are set according to role and market-based remuneration and mainly take the form of car benefit and private medical insurance.



Long-term incentive programme (LTIP)

Programme	Number of participants	Savings shares	Max. allocation of BillerudKorsnäs shares	Percentage of total number of shares/ votes	Estimated cost (of which social security costs), SEKm	Maximum cost (of which social security costs), SEKm	Operating profit for 2019 is charged with, SEKm
2017	63	40 520	168 080	0.1%	11 (2)	45 (28)	3
2018	63	33 818	135 272	0.1%	7 (2)	29 (20)	1
2019	82	56 036	250 681	0.1%	18 (6)	55 (30)	3

Long-term incentive programme (LTIP)

The 2010–2019 AGMs approved the introduction of long-term incentive programmes (LTIP 2010–2019) for BillerudKorsnäs and, in conjunction with this, a transfer of its own holding of treasury shares. The programme extends to senior executives and other key employees within the BillerudKorsnäs Group. The LTIP has a term of three years, and the outcome depends on meeting different financial and share price performance requirements that are deemed to be of considerable significance in terms of the future development of the Group. To take part in the LTIP, the participants are required to purchase and hold BillerudKorsnäs shares, known as savings shares. The general rule for the LTIP is that for each saving share that participants invest in, participants will receive allocated shares at the end of the vesting period, at no charge other than relevant benefit taxation handled by local payroll. The maximum number of participants invited to participate in the LTIP are usually 100 participants and the programme gaging consist of four categories. Category 1 includes the CEO role, and gives a maximum of 1:6 of saving shares to performance shares at vesting. Category 2 includes the Executives Leadership Team, and gives a maximum of 1:5 saving shares to performance shares at vesting. Category 3 includes senior management roles, and gives a maximum of 1:5 saving shares to performance shares at vesting. Category 1–3 may consist of maximum 20 participants. Category 4 include other key employees, and gives a maximum of 1:4 saving shares to performance shares at vesting. Category 4 contains a maximum of 80 participants.

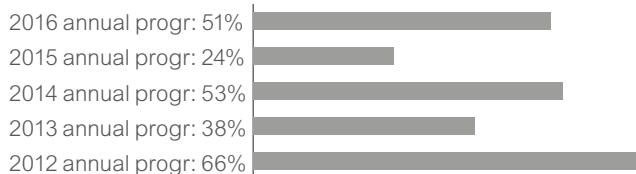
For rights to performance shares under LTIP 2016 to LTIP 2019, the following financial performance objectives are measured:

- (a) BillerudKorsnäs' annual organic growth,
- (b) BillerudKorsnäs' average adjusted EBITDA margin.

Performance requirements (a) and (b) grant shares on a straight-line basis between minimum and maximum levels. LTIP 2017 to LTIP 2019 are also dependent on total shareholder return (TSR).

Historical data, completed long-term incentive programmes

Percentage of performance criteria set



Guidelines for remuneration of senior executives 2020

The board proposes that the annual general meeting resolves to adopt the following guidelines for remuneration for the CEO and the other members of the group's Executive Leadership Team (ELT members). The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2020.

The guidelines do not apply to any remuneration approved by the general meeting, for example ordinary board remuneration and BillerudKorsnäs long-term share-related incentive programs.

The guidelines' promotion of BillerudKorsnäs' business strategy, long-term interests and sustainability

BillerudKorsnäs is challenging conventional packaging for a sustainable future and this mission describes the purpose of BillerudKorsnäs' business operations. Profitable growth is essential when challenging less sustainable packaging materials and solutions over time. In order to deliver profitable growth, a goal-oriented and intensive work is being undertaken. BillerudKorsnäs' employees are the people that with a customer focus, are driving the change that is needed to realise the strategy and achieve our ultimate purpose - a sustainable future.

For further information on BillerudKorsnäs' business strategy, see the company's website www.billerudkorsnas.com/about-us/strategy-platform.

A prerequisite for the successful implementation of the BillerudKorsnäs' business strategy and safeguarding of BillerudKorsnäs' long-term interests, including its sustainability, is that BillerudKorsnäs is able to recruit and retain qualified employees with high competence and capacity to achieve set goals. BillerudKorsnäs will challenge conventional packaging for a sustainable future – and it is BillerudKorsnäs' talented and high-performing employees that are the people driving the change that is needed to realise the strategy and achieve this purpose. To achieve this, it is necessary that BillerudKorsnäs offers competitive total remuneration which creates incentives for senior executives to think new, feel responsibility, cooperate and create value. The goal is to create incentives to promote BillerudKorsnäs' business strategy and long-term interests, deliver exceptional results and to link key persons within BillerudKorsnäs incentives with the shareholders' interests. These guidelines enable this objective and that ELT members can be offered a competitive total remuneration.

Types of remuneration, etc.

BillerudKorsnäs shall be on market terms as regards compensation levels and terms of employment. The remuneration shall consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Furthermore, the general meeting may resolve on, among other things, share and share price-related remuneration.

The variable cash remuneration to the ELT members is paid based on outcomes in relation to clearly stated goals and shall amount to a maximum between 30 and 70 percent of their respective annual fixed cash salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining ELT members, or as remuneration for extraordinary

performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 per cent of the annual fixed cash salary. Any resolution on such remuneration shall be made by the board based on a proposal from the remuneration committee.

Decisions on long-term share and share price-related remuneration are made by the general meeting – irrespective of these guidelines. Long-term share and share price-related remuneration shall be designed to ensure long-term commitment to BillerudKorsnäs' development and in order for the CEO and ELT members to have a significant, long-term shareholding in BillerudKorsnäs. The outcome of the long-term share- and share price-related remuneration shall be linked to certain predetermined performance criteria based on BillerudKorsnäs' share price and results. For more information about these program, including the criteria for the outcome, see the company's website www.billerudkorsnas.com.

Pension benefits shall be premium defined. The pension premiums for defined contribution shall amount to a maximum of 30 percent of the annual fixed cash salary. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions.

Other benefits may include, for example, life insurance, medical insurance (Sw: privat sjukvårdsförsäkring) and benefit car. Premiums and other costs related to such benefits may amount to not more than 40 percent of the annual fixed cash salary.

The decision-making process to determine, review and implement the guidelines

The board has established a remuneration committee. The committee's tasks include preparing the board's decision to propose guidelines for executive remuneration. The board shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting.

The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in BillerudKorsnäs. The members of the remuneration committee are independent of the company and its executive management. The CEO and other ELT members do not participate in the board's processing of and resolutions regarding remuneration-related matters if they are affected by such matters.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualised, quantitative or qualitative objectives. The objectives for the group for variable cash remuneration are to 40 per cent based on the performance measure EBITDA, 30 percent based on net sales, 20 percent based on capital employed and 10 percent based on certain sustainability goals. The weight-

ing of these group-wide goals may change from year to year depending on the group's focus areas and strategic decisions.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other ELT members, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by BillerudKorsnäs.

Variable cash remuneration shall only be paid provided that BillerudKorsnäs' operating profit is positive, and the remuneration committee shall only use its discretion to decide on variable remuneration in accordance with the goals set out above in a way that implies that there is a link between such compensation and BillerudKorsnäs' result.

Salary and employment conditions for employees

In the preparation of the board's proposal for these remuneration guidelines, salary and employment conditions for employees of BillerudKorsnäs have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report.

Termination of employment

In the event of termination of an employment, a notice period of six to twelve months is normally applied and a right to severance pay corresponding to the fixed cash salary for one year if the employment is terminated by BillerudKorsnäs. When termination is made by an ELT member, the notice period may not exceed six months, without any right to severance pay.

Remuneration to board members elected by general meetings

Remuneration to board members elected by general meetings in BillerudKorsnäs shall in special cases be able to be remunerated for services within their respective areas of expertise, which do not constitute board work in BillerudKorsnäs AB. For these services, a market-based fee shall be paid, which must be approved by the board.

Derogation from the guidelines

The board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve BillerudKorsnäs' long-term interests, including its sustainability, or to ensure BillerudKorsnäs' financial viability. As set out above, the remuneration committee's tasks include preparing the board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

See Note 28 for the 2019 guidelines.

Internal control and risk management for financial reporting

BillerudKorsnäs' internal control and risk management for financial reporting is designed to manage risks and ensure a high level of reliability in the processes relating to the preparation of financial reports and to ensure that applicable accounting requirements and other requirements of BillerudKorsnäs as a publicly listed company are fulfilled.

Financial reporting

The Board is ultimately responsible for the internal control of financial reporting. Responsibility for maintaining an effective control environment is delegated to the CEO, who is responsible for ensuring that a process and organisational structure are in place to ensure the internal control and quality of financial reporting. Specifically for financial reporting, the Board has established an Audit Committee that assists the Board in regard to relevant guidelines and policies and significant reporting principles.

BillerudKorsnäs' internal control work is based on the internal control principles developed by the Committee of Sponsoring Organizations of the Tradeway Commission (COSO). These principles consist of the following five components:

1. Control Environment
2. Risk Assessments
3. Control Activities
4. Information and Communication
5. Monitoring

For more information about BillerudKorsnäs' corporate governance work, please see the section Corporate Governance in BillerudKorsnäs on pages 60–64.

1 Control Environment

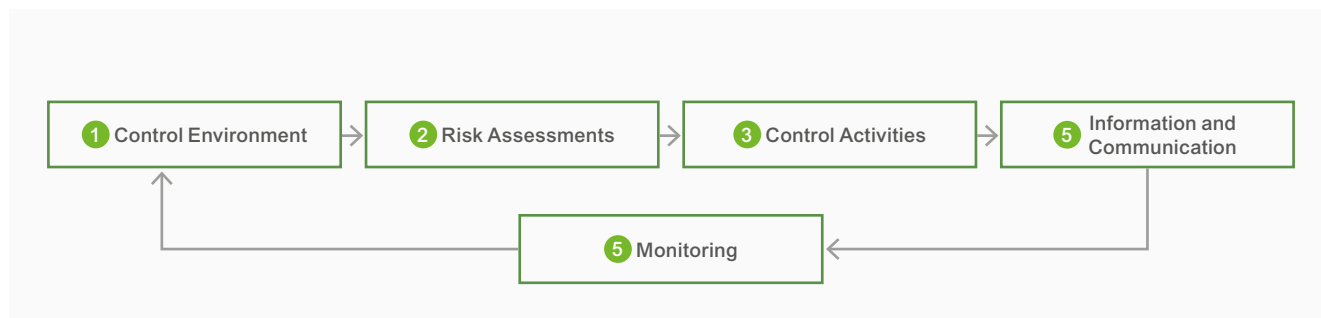
Control environment encompasses matters such as how targets are set, how valuations are monitored and how risks are managed. A good control environment is based on an organisational structure with clear decision-making paths and a corporate culture with shared values and an awareness among individuals of their role in maintaining good internal control. For the Board of

Directors, the CEO and all BillerudKorsnäs' Divisions and Group functions, there are steering documents aimed at ensuring the clear division of roles and responsibilities to aid the effective and efficient management of risks identified within the business. The audit committee's main role is to contribute to a good standard of financial reporting and ensure that the Company is audited in a professional, efficient and independent way. The work of the audit committee is described in more detail on page 63.

The Executive Leadership Team reports regularly to the Board based on predetermined procedures. The audit committee also reports to the Board. The Executive Leadership Team is responsible for ensuring that essential internal controls are implemented as necessary to manage significant risks in day-to-day activities. This includes Group-wide steering documents to enable individual employees to understand their role in the work in maintaining adequate internal control. Examples are a Code of Conduct, Governance Policy and Finance Policy. BillerudKorsnäs' shared service centre ensures effective and uniform management of financial processes through the development of uniform procedures and control system, and creates the necessary documentation. This documentation is updated annually or as necessary to reflect changes to processes and ensure that applicable laws and regulations are followed.

2 3 Risk Assessment and Control Activities

Risk assessments are made regularly to identify risks that may arise within BillerudKorsnäs if the internal controls in the financial processes are not effective. BillerudKorsnäs' Enterprise Risk Management (ERM) process is further described in the section Risk management and sensitivity analysis on page 74. Risks relating to financial and reporting, including risk for errors in the financial reporting, are included in the ERM process.



Control activities aim at preventing, detecting and correcting errors and deviations in financial reporting at each time of reporting. The Company's control activities are part of these accounting and financial reporting processes and include authorisation procedures, bank and account reconciliation, earnings analysis, automated and manual controls and the division of administrative and implementing units.

The Company has an internal control function whose purpose is to ensure good internal control and quality in financial reporting. This function implements processes and regulations that ensure the internal control and quality of financial reporting. This internal control function works to ensure that steering documents are complied with, which is the basis for effective control activities within the main financial reporting processes. As part of the internal control work, a self-assessment is made of internal controls which means that the person responsible for control in each case assesses effectiveness in their controls. Improvement measures are introduced according to a plan which is prepared with the internal control function. The measures are then followed up during the coming financial year, when a new self-assessment is carried out. The results of this work are included in the annual reporting of the internal control function to the Audit Committee, which in turn reports to the Board of Directors. The internal control function therefore constitutes an important tool in the Board's monitoring of internal controls relating to financial reporting.

The Company has a Group Risk Management function with responsibility for Enterprise Risk Management (ERM), loss prevention and Group-wide insurance programmes. Within the framework of ERM, material risks of errors in financial reporting are continuously identified and it is ensured that adequate controls are in place.

Material risks are reported to the Board of Directors.

For information regarding financial risks and important items subject to appraisal and assessment, please see the Risk Management and Sensitivity Analysis section and Note 37.

Group Risk Management contains among others the internal control and risk management function. The task of Group Risk Management is to design, ensure implementation of, monitor and support BillerudKorsnäs' governance, risk and compliance management and include material risks, including financial risks, in an integrated and effective manner.

4 Information and Communication

Material governing documents that are of significance to financial reporting are available on BillerudKorsnäs' intranet and management system. Relevant employees are regularly informed of amendments and updates to these.

Work continued during the year to develop the Group's policy framework for the purpose of ensuring completeness and uniformity on formulation, ownership and responsibility for updates. The Board has adopted eight policies. Directives have been updated and aligned to the group common policies and the work will continue in 2020.

Both formal and informal information channels carry important information from staff to the Executive Leadership Team and the Board. For example, BillerudKorsnäs has a whistle-blower function, Speak-Up Line, through which employees and external parties can report suspected irregularities anonymously. The reporting includes an option of anonymous dialogue between the person reporting and the person receiving reports. The channel is known as "The Speak-Up Line".

There is a Communication & Information policy for external communication that ensures that the BillerudKorsnäs meets strict requirements on accurate information for financial markets.

5 Monitoring

The Audit Committee carries out preparatory work prior to the Board's assessment of the information submitted by the Executive Leadership Team and the company's auditors. The Audit Committee's tasks also include ensuring, on behalf of the Board, that actions are taken concerning the deficiencies and proposed actions identified in the external audit and by the internal control function. See the section "Corporate Governance in BillerudKorsnäs" for further information about the Audit Committee and its work.

Internal audit

In accordance with paragraph 7.3 of the Swedish Code of Corporate Governance, the Board has evaluated the need for a separate review function (internal audit). In view of the structural organisation of internal control and the monitoring performed by the functions within Group Risk Management and controller organisation, the Board has decided that a separate internal audit or review function is not necessary at present. The issue of a separate internal audit function is reviewed annually by the board.



Magnus Wikström

Mikael Andersson

Malin Ljung Eiborn

Helene Biström

Ulf Eliasson

Executive Leadership Team

Lennart Holm

Acting President & Chief Executive Officer
Education: MSc in Chemical Engineering, Chalmers University of Technology, Gothenburg.

Year employed: 2019

Year born: 1960

Other assignments: Chairman of the Board of Wellbo Group AB. Board member of BillerudKorsnäs AB, Holm & Gross Holding AB, Axolot Solutions Holding AB and CarryGenes Therapeutics AB.

Background: Chairman of the Board and CEO of the Perstorp Group, active at Stora Enso and partner in PAI Partners SAS.

Shareholding¹: 4 000

Mikael Andersson

Executive Vice President Division Board
Education: MSc in Chemistry, Karlstad University. Executive MBA, Mgruppen.

Year employed: 2016

Year born: 1968

Other assignments: –

Background: Area VP, Nalco Water, Sales Director BillerudKorsnäs AB, VD Bycosin AB.

Shareholding¹: 11 310

Helene Biström

Executive Vice President Division Paper
Education: MSc in Mechanical Engineering, Royal Institute of Technology, Stockholm.

Year employed: 2019

Year born: 1962

Other assignments: –

Background: CEO Infranord, CEO Norrenergi, Deputy CEO Vattenfall AB.

Shareholding¹: 10 000

Christopher Casselblad

Executive Vice President Communication and Brand

Education: MSc in Economics and Business, School of Business, Economics and Law, Gothenburg University.

Year employed: 2018

Year born: 1975

Other assignments: –

Background: Head of Investor Relations BillerudKorsnäs, Head of Group Planning & Control Folksam, Investor Relations Manager Folksam, Investor Relations Officer Nordea.

Shareholding¹: 1 000

Paulina Ekvall

Executive Vice President Human Resources
Education: Bachelor in HR Management/labor law, Lund University.

Year employed: 2017

Year born: 1968

Other assignments: –

Background: Sr Dir HR Arla Foods AB, VP HR Unilever Nordics, HR Director Nordics Johnson&Johnson Consumer, HR Director Pfizer Health AB, Head of HR Swedish Prison and Probation Service.

Shareholding¹: 3 000

Ulf Eliasson

Executive Vice President & Chief Technology Officer

Education: MSc, Chalmers University of Technology, Gothenburg.

Year employed: 2012

Year born: 1962

Other assignments: –

Background: Senior Vice President Production BillerudKorsnäs AB, Senior Vice President Consumer Board BillerudKorsnäs AB, Mill Manager Korsnäs AB, Vice President & Site Manager Rolls-Royce AB, Senior Vice President & CEO Stora Enso Skoghall AB.

Shareholding¹: 10 352



Paulina Ekvall

Lennart Holm

Andreas Mattsson

Anders Lundin

Ivar Vatne

Christopher Casselblad

Malin Ljung Eiborn

Executive Vice President Sustainability

Education: Master of Commercial and Business Law, Linköping University, Master of European Law, University of Kent at Canterbury, England.

Year employed: 2018

Year born: 1976

Other assignments: –

Background: Director Sustainability and Public Affairs BillerudKorsnäs, Partner & Key Account Manager Prime Public Relations, various positions at Swedish Foreign Ministry.

Shareholding¹: –

Anders Lundin

Executive Vice President Division Solutions

Education: MSc in Economics and Business, Lund University.

Year employed: 2015

Year born: 1960

Other assignments: –

Background: President Mergers & Acquisition BillerudKorsnäs, Executive Vice President Transformation Projects Perstorp Group, Executive Vice President of Business Group Perstorp Performance Products.

Shareholding¹: 7 461

Andreas Mattsson

Executive Vice President & General Counsel

Education: Master of Law, Lund University.

Year employed: 2013

Year born: 1978

Other assignments: Board member of Bergvik Skog AB.

Background: Senior Associate, law firm Cederquist.

Shareholding¹: 4 379

Ivar Vatne

Executive Vice President & Chief Financial Officer

Education: MSc in Economics, Norwegian School of Economics and Business Administration (NHH).

Year employed: 2019

Year born: 1978

Other assignments: Board member of Paper Bottle Company A/S.

Background: CFO Arla Foods UK Ltd, CFO Arla Foods AB, Vice President Finance Europe Region Fiskars. Various positions in Procter & Gamble for 10 years.

Shareholding¹: 2 730

Magnus Wikström

Executive Vice President Innovation

Education: MSc and PhD in Engineering, Royal Institute of Technology, Stockholm. Executive MBA, Mgruppen.

Year employed: 2006

Year born: 1963

Other assignments: Board member of Wallenberg Wood Science Center, Treearch and BioBag A/S.

Background: CTO BillerudKorsnäs AB, Senior Vice President Technology Billerud AB, R&D Director Korsnäs AB, Project area manager STFI.

Shareholding¹: 8 294

¹ Own and related parties shares.



Tobias Auchli

Ulrika Gustafsson

Victoria van Camp

Kristina Schauman

Bengt Hammar

Lennart Holm

Board of Directors

Jan Åström

Chairman of the Board

Education: MSc in Chemical Engineering, Royal Institute of Technology, Stockholm.

Year born: 1956

Other assignments: Chairman of the Board of Bergvik Skog Öst AB. Member of the Board of ECO Development AB and Frill Holding AB (publ). Chairman of the foundation Central Fund for Employees in Forestry and the Forest Industry, as well as chairman of the Swedish Wrestling Federation.

Background: President and CEO of Ahlstrom Munksjö Oyj, SCA AB, Modö Paper AB. Head of Business Group for SCA Fine Paper and Head of SCA Packaging Munksund.

Elected: 2018

Committee assignments: Chairman of the Remuneration Committee, Member of the Investment Committee.

Shareholding¹: 111

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

Michael M.F. Kaufmann

Vice Chairman of the Board

Education: MBA, Universities of Stuttgart and Erlangen-Nürnberg.

Year born: 1948

Other assignments: Chairman of Frapag Beteiligungsholding AG, Frapag America, Inc., By Out Europe II, Frapag Slovakia and Grimming Holding Romania. CEO of Hartmann Liegenschaftsverwaltung GmbH, Kleinsölk Forstwirtschaftsverwaltung GmbH, MIKA Classic Cars GmbH and MIKA Privatstiftung.

Background: Formerly held various managerial positions in Frantschach/Mondi, Vienna, Austria.

Elected: 2005

Committee assignments: Member of the Remuneration Committee.

Shareholding¹: 22 250

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

Tobias Auchli

Board member

Education: MA HSG, University of St Gallen.

Year born: 1972

Other assignments: Chairman of the Board and CEO of Verlumenda SA.

Background: Head Innovation and R&D, Global Ice Cream Division, Nestlé SA, Director Corp. Marketing & Innovation Acceleration, Nestlé SA and General Manager Liquid & Dairy Culinary Milks, Nestlé Greater China Region.

Elected: 2018

Committee assignments: Member of the Audit Committee and the Investment Committee.

Shareholding¹: –

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

Andrea Gisle Joosen

Board member

Education: MSc International Business, Copenhagen Business School.

Year born: 1964

Other assignments: Chairman of Acast AB, Board member of Dixons Carphone PLC, ICA

Gruppen AB, James Hardie Industries PLC, Qred AB and Logent AB.

Background: CEO of Boxer TV Access AB, Nordic Managing Director of Panasonic, Chantelle and Twentieth Century Fox Home Entertainment. Previously held management positions at Johnson & Johnson and Procter & Gamble. Chairman of the Board of Teknikmagasinet AB, Member of the Board of Mr Green & Co AB.

Elected: 2015

Committee assignments: Member of the Audit Committee. Member of the Remuneration Committee from November 2019.

Shareholding¹: 2 350

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

Bengt Hammar

Board member

Education: BA and MA in International Economics and Politics, Princeton University, New Jersey, United States.

Year born: 1951

Other assignments: Senior Adviser, Pöyry Capital Ltd.

Background: Founder and CEO of Pöyry Capital Ltd.; 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.

Elected: 2014

Committee assignments: Chairman of the Investment Committee.

Shareholding¹: 2 000

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



Michael M.F. Kaufmann Andrea Gisle Joosen Gunnevi Lehtinen Johansson Jan Åström Bo Knöös Nicklas Johansson

Lennart Holm

Board member
Education: MSc in Chemical Engineering, Chalmers University of Technology, Gothenburg.
Year born: 1960
Other assignments: Acting President & CEO of BillerudKorsnäs AB, Chairman of the Board of Wellbo Group AB. Board member of Holm & Gross Holding AB, Axolot Solutions Holding AB and CarryGenes Therapeutics AB.
Background: Chairman of the Board and CEO of the Perstorp Group, active at Stora Enso and partner in PAI Partners SAS.
Elected: 2012
Committee assignments: Member of the Remuneration Committee during January to November 2019.
Shareholding¹: 4 000
Independent/Not independent: Not independent of the Company and management (acting President and CEO in the Company), independent of the Company's major shareholders.

Kristina Schauman

Board member
Education: MSc in Economics and Business, Stockholm School of Economics.
Year born: 1965
Other assignments: Member of the Boards of ÅF Pöyry AB, Orexo AB, Coor Service Management AB, BEWiSynbra Group AB, Nordic Entertainment Group AB and Diaverum AB.
Background: Various financial managerial positions in Stora Enso, ABB and Investor and executive management positions in OMX AB, Carnegie Investment bank and Apoteket AB.
Elected: 2014
Committee assignments: Chairman of the Audit Committee.
Shareholding¹: 4 000

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

Victoria van Camp

Board member
Education: MSc in mechanical engineering and doctorate in machine elements, Luleå University of Technology.
Year born: 1966
Other assignments: CTO and President, Innovation and Business Development at AB SKF.
Background: Board member of VBG Group AB and PREERA. Director of Industrial Market Technology & Solutions, Director of Product Innovation Lubrication BU and several other positions in SKF Group.
Elected: 2017
Committee assignments: Member of the Investment Committee.
Shareholding¹: 600
Independent/Not independent: Independent of the Company and management, independent of the Company's major shareholders.

Nicklas Johansson

Board member, employee representative
Year born: 1968
Other assignments: Chair, Swedish Paper Workers Union local branch 165.
Background: –
Elected: 2017
Committee assignments: Co-opted member of the Investment Committee.
Shareholding¹: –

Gunnevi Lehtinen Johansson

Board member, employee representative
Education: Chemistry studies at Åbo Akademi University, Turku.
Year born: 1969
Other assignments: Production controller in BillerudKorsnäs.
Background: –
Elected: 2016
Committee assignments: Co-opted member of the Audit Committee.
Shareholding¹: 750

Ulrika Gustafsson

Deputy employee representative
Education: Upper secondary school qualification in engineering, Chemistry, various tertiary-level courses.
Year born: 1967
Other assignments: Chair of Unionen branch BillerudKorsnäs Gävle. Various assignments for Unionen at regional and central level. Board member of Korsnäs Social Fund Foundation.
Background: –
Elected: 2016
Shareholding¹: 1 000

Bo Knöös

Deputy employee representative,
Year born: 1964
Other assignments: Chair, Swedish Paper Workers Union local branch 96. Member of the working committee in The Industry Council of Värmland.
Background: –
Elected: 2017
Shareholding¹: –

¹ Own and related parties' shares.