

## **THE BOARD'S PROPOSAL FOR GUIDELINES FOR REMUNERATIONS TO SENIOR EXECUTIVES (ITEM 17 ON THE AGENDA)**

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The Board proposes that the Meeting approve the following guidelines for remuneration to the executive officers. Executive officers are the CEO and other members of the senior management team.

Billerud shall set the remuneration levels and employment terms that are appropriate in order to recruit and keep a management team with a high level of competence and the capability to achieve established goals. Remuneration shall motivate executives to do their utmost to secure shareholders' interests. Remuneration may be in the form of fixed salary, variable salary, long-term incentive programme and other benefits such as pension or company car. Fixed and variable salary shall be set in relation to competence, area of responsibility and performance. Variable remuneration will be based on outcomes in relation to established targets and shall be a maximum of a fixed percentage of annual fixed salary and vary between 30% and 45%. However, variable remuneration shall only be paid on condition that the company's result is positive. Incentive programme within the company shall primarily be linked to financial requirements of performance and shall ensure long-term commitment to the development of the company and be implemented on market terms. For more information about the existing incentive programme adopted by the 2007 Annual General Meeting, see the company's annual report and website. Pension benefits shall either be defined-benefit or defined-contribution and normally give an entitlement to pension from age 65. In some cases the retirement age may be lower, although 62 is the lowest retirement age. Six to twelve months is the normal notification period for termination of employment, and severance pay shall be a maximum of 12 months' salary in the event of dismissal by the company.

Remuneration and employment terms for the CEO are prepared by the Compensation Committee and decided by the Board. Remuneration and employment terms for members of the senior management team are decided by the CEO, after approval from the Compensation Committee.

The Board of Billerud has the right to deviate from these guidelines in individual cases if there is good reason.

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Billerud AB (publ)  
Board of Directors  
March 2009