



## 24 REMUNERATION OF SENIOR MANAGEMENT

### Remuneration to Board

The Annual General Meeting decides the fees to be paid to the Chairman of the Board and Board members. Additional fees are paid for work on committees. The Chairman received SEK 520 thousand in 2010, of which SEK 70 thousand was for committee work. Other Board members received a total of SEK 1 605 thousand, of which SEK 130 thousand was for committee work.

#### Directors' fees SEK thousand

Name	Annual fee	Annual fee	Audit committee fee	Audit committee fee	Compensation	Compensation	Fee paid
	2009–2010	2010–2011	2009–2010	2010–2011	committee fee	committee fee	
Ingvar Petersson	450	450	30	30	40	40	520
Michael M.F. Kaufmann	350	350	–	–	–	–	350
Gunilla Jönson	225	225	–	–	–	–	225
Per Lundberg	225	225	70	70	15	15	310
Ewald Nageler	225	225	–	–	–	–	225
Yngve Ståde	225	225	–	–	15	15	240
Meg Tivéus	225	225	30	30	–	–	255

<sup>1)</sup>The fees decided by the Annual General Meetings in 2009 and 2010.

### Remuneration to the CEO and senior management

The 2010 Annual General Meeting established the following guidelines for remuneration to senior executives. Senior management includes the CEO and other members of the senior management team. Billerud shall apply commercial employment terms and levels of remuneration as required to recruit and retain senior management that have the expertise and capacity to achieve the goals set. Forms of remuneration shall motivate senior managers to do their utmost to safeguard the interests of shareholders. 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 expertise, area of responsibility and performance. Variable remuneration is paid depending on actual results compared to explicit targets, up to a maximum percentage of a fixed annual salary that may vary between 30% and 45%. However, variable salary shall be paid only if the Company makes a profit. The incentive programme shall primarily be related to financial performance criteria, ensure long-term commitment to the development of the Company and be implemented on commercial terms. For more information about the incentive programme adopted by the 2010 AGM, see the Company's website. Pension benefits shall be either defined-benefit or defined-contribution plans and normally entitle the executive to a pension from age 65. In certain cases, the age may be reduced but never less than 62. Notice of termination is normally 6–12 months, and if the company gives notice severance pay shall be a maximum of 12 months' salary. Remuneration and other employment terms for the CEO are prepared by the compensation committee and decided by the Board. Remuneration and other employment terms for members of the senior executive team are determined by the CEO following approval by the compensation committee.

The Board of Directors is entitled to deviate from these guidelines if there is good reason in individual cases.

In 2010, the actual bonus was 38.6% for the CEO and an average of 30.4% for the senior management team.

#### Remuneration and benefits to the CEO

SEK thousand	Year	Variable			Pension costs	Total
		Gross salary	remuneration	Other benefits		
Per Lindberg	2010	4 966 <sup>1)</sup>	1 946	519	761	8 194
Per Lindberg	2009	4 938 <sup>2)</sup>	1 937	245	1 148	8 267

#### Remuneration and other benefits to rest of senior management team during the year

SEK thousand	Year	Variable			Pension costs	Total
		Gross salary	remuneration	Other benefits		
Senior management team <sup>3)</sup>	2010	10 662	3 304	1 216	3 963	19 145
Senior management team <sup>4)</sup>	2009	11 390	3 223	791	4 274	19 678

<sup>1)</sup> This amount includes holiday pay supplement, allowances for expenses and lunch coupons totalling SEK 100 thousand in addition to fixed salary.

<sup>2)</sup> This amount includes holiday pay supplement, allowances for expenses and lunch coupons totalling SEK 96 thousand in addition to fixed salary.

<sup>3)</sup> These amounts include remuneration and other benefits for a person who left the senior management team in 2010. These amounts refer to the period that person was a member of the team.

<sup>4)</sup> These amounts include remuneration and other benefits for a person who left the senior management team in 2009. These amounts refer to the period that person was a member of the team.

#### Comments

- The variable remuneration for 2010 refers to amounts to be paid out in 2011 but charged to 2010, while the variable remuneration for 2009 refers to remuneration paid out in 2010 but charged to 2009. The actual amounts are based on financial and individual targets linked to the development of the business and to profit for 2010 and 2009.
- Other benefits include company car, housing, incentive programme and other taxable benefits.
- Pension plans are of the defined-benefit and defined-contribution types. Pension costs refers to the costs charged to net profit/loss for the year.
- In Billerud's long-term incentive programme LTIP 2007, the CEO was entitled to acquire 5 585 matching shares at a price of SEK 28.92 per share and 11 595 performance shares at a price of SEK 36.12 per share at the end of the programme in 2010. Other members of the senior management team were entitled all together to acquire 9 857 matching shares at a price of SEK 28.92 per share and 19 710 performance shares at a price of SEK 36.12 per share at the end of the programme in 2010. The CEO acquired 17 180 shares all together at a value of SEK 580 330. The rest of the senior management team acquired 27 344 shares all together at a value of SEK 996 990.
- In contrast with the previous programme, Billerud's long-term incentive programme LTIP 2010 involves no rights to acquire Billerud shares at a discount during a redemption period following a vesting period. Instead, participants are allocated a certain number of Billerud shares free of charge after a three-year vesting period, provided certain criteria are met. The performance criteria are based on principles similar to those for LTIP 2007. In LTIP 2010, the CEO participates with 9 093 Billerud shares, referred to as "saving shares". Other members of the senior management team participate with 18 357 saving shares.

All participants can achieve a 4:1 exchange ratio. Each saving share entitles the holder to:

- 1 matching share right
- 3 performance share rights (1 share right for the operating margin, 1 share right for the relative margin and 1 share right for total return)