

NOMINATION COMMITTEE PRIOR TO 2019 ANNUAL GENERAL MEETING

Decision regarding appointments

The 2017 annual general meeting decided that the nomination committee, until further notice, shall be appointed in the following manner.

“The nomination committee shall be composed of representatives of the four largest registered shareholders in terms of voting rights according to the shareholders’ register¹ maintained by the company as of the last banking day of August, and of the chairman of the board of directors. The chairman of the board of directors is to convene the first meeting of the nomination committee. The member representing the largest shareholder in terms of voting rights shall be appointed chairman of the nomination committee. The chairman of the board shall not be chairman of the nomination committee. If deemed important, due to later changes in the ownership structure, the nomination committee is authorized to appoint one or two additional members among the shareholders who in terms of voting rights are the shareholders next in turn. The total maximum number of members shall be seven. Should a member resign from the nomination committee before its work is completed and, if the nomination committee considers it desirable, a “substitute” member shall be appointed to represent the same shareholder or, if the shareholder is no longer one of the largest shareholders in terms of voting rights, the largest shareholder in terms of voting rights next in turn. Changes in the composition of the nomination committee shall be made public immediately. The composition of the nomination committee is to be announced by SCA no later than by six months prior to the annual general meeting. Remuneration shall not be paid to the members of the nomination committee. Any costs for the work of the nomination committee shall be borne by SCA. The term of office for the nomination committee ends when the composition of the following nomination committee has been announced. The nomination committee shall propose the following: the chairman of the general meeting, the board of directors, the chairman of the board of directors, remuneration to the board of directors individually specified for the chairman and each of the other directors including remuneration for committee work, auditor and remuneration to the auditor, and, to the extent deemed necessary, amendments to this instruction.”

Composition

The nomination committee prior to the 2019 annual general meeting comprises:

Karl Åberg, AB Industrivärden,
Petter Johnsen, Norges Bank Investment Management,
Javiera Ragnartz, AMF Försäkring & Fonder,
Håkan Sandberg, Handelsbankens Pensionsstiftelse and others, and
Pär Boman, chairman of the board of directors of SCA.

The nomination committee shall submit proposals concerning the matters listed below for presentation to the 2019 annual general meeting for decision:

¹ Euroclear Sweden AB is responsible for the company’s share register.

Proposed Chairman of the Annual General Meeting

Proposed members of the Board of Directors

Proposed Chairman of the Board

Proposed Board fees and distribution among the Chairman and the other Board members, as well as remuneration for work in committees

Proposed auditor and fees for the auditor

Shareholders who desired to present proposals to the nomination committee have had the opportunity to do so. No proposals have been received.

The nomination committee's proposal to the annual general meeting 2019

Svenska Cellulosa Aktiebolaget SCA's nomination committee proposes the following.

- Chairman of the annual general meeting

Attorney at law Eva Hägg

- Number of members of the board of directors

Ten ordinary members and no deputy directors (2018: ten ordinary members and no deputy directors)

- Remuneration to the board of directors

Chairman of the board of directors: SEK 1,875,000 (2018: SEK 1,800,000)

Each of the other members who are not employed by the company: SEK 625,000 (2018: SEK 600,000)

(i) Members of the remuneration committee, additional remuneration: SEK 110,000 (2018: SEK 105,000); chairman of the remuneration committee: SEK 140,000 (2018: SEK 135,000)

(ii) Members of the audit committee, additional remuneration: SEK 260,000 (2018: SEK 250,000), chairman of the audit committee: SEK 360,000 (2018: SEK 330,000)

The proposed remuneration to the board of directors as well as the committees means an increase of approximately 4% compared to the remuneration decided by the annual general meeting 2018. The total remuneration for the work of the board of directors and committees is proposed to increase by a total of SEK 340,000. The proposed remuneration for the work of the board of directors and committees totals SEK 8,115,000.

- Members of the board of directors

Re-election of board members Charlotte Bengtsson, Pär Boman, Lennart Evrell, Annemarie Gardshol, Ulf Larsson, Martin Lindqvist, Lotta Lyrå, Bert Nordberg, Anders Sundström and Barbara M. Thoralfsson.

- Chairman of the board of directors

Pär Boman (2018: Pär Boman)

- Number of auditors and deputy auditors

One auditor, with no deputy auditor (2018: One auditor, with no deputy auditor)

- Auditor

EY AB (2018: EY AB), for the period until the end of the annual general meeting 2020.

- Remuneration to the auditor

According to approved invoice (2018: According to approved invoice)

- The nomination committee

The nomination committee does not propose any amendments to the instruction for appointment of the Nomination Committee.

The nomination committee's reasoned statement and presentation of the nomination committee's work

In September 2018, pursuant to the mandate of the annual general meeting, the chairman of the board summoned representatives of the four largest registered shareholders in terms of voting rights to form part of the nomination committee together with the chairman of the board ahead of the 2019 annual general meeting. On 11 September 2018, the company announced the composition of the nomination committee and how shareholders, if they desire, may submit proposals to the nomination committee. No proposals have been received. The nomination committee has held four recorded meetings as well as ongoing contact.

The nomination committee has thoroughly familiarized itself with the board's work and the specific requirements of the company's operations.

The nomination committee has also reviewed the entire result of the completed evaluation of the individual board members' contribution to the board's work, of the chairman's work and of how the board functions together as a group. The nomination committee has been provided with the opportunity to interview two of the members of the board. The conclusion is that the current board and its work has been functioning properly.

The aim of the nomination committee has been to propose a board of SCA where the individual board members as well as the board in its entirety meet great demands on relevant knowledge and experience in order to be able to carry out effective board work characterized of high quality. Also, in accordance with the company's diversity policy, the nomination committee has strived to achieve an equal gender balance on the board. In its proposal regarding the board of directors, the nomination committee has paid specific attention to the proposed members' other assignments, to ensure that they are able to devote their assignment in the SCA board the time and the commitment required.

In light of the completed evaluation the nomination committee proposes re-election of board members Pär Boman, Charlotte Bengtsson, Lennart Evrell, Annemarie Gardshol, Ulf Larsson, Martin Lindqvist, Lotta Lyrå, Bert Nordberg, Anders Sundström and Barbara M. Thoralfsson. Ten members elected by the general meeting is deemed appropriate.

The nomination committee has applied rule 4.1 of the Swedish Corporate Governance Code as diversity policy. The nomination committee considers that the proposed board of directors, in accordance with rule 4.1 of the Swedish Corporate Governance Code, will obtain an appropriate composition with regard to the company's operations, phase of development and other relevant circumstances. The proposed board of directors is characterized by diversity and breadth as to the board members' qualifications, experience and background as well as a strive to achieve an equal gender diversity. Of the 10 proposed members of the board, six are men and four are women, which corresponds to 60 % respectively 40 %. Furthermore, the proposed board meets the independency requirements in the Swedish Corporate Governance Code.

The nomination committee has evaluated the level and structure of the remuneration in respect of board and committee work and has concluded that an increase of the remuneration as proposed by the nomination committee is justified. The proposal reflects the nomination committee's ambition that the level of remuneration should be in line with remuneration in similar companies.

The nomination committee has reviewed the company's and the audit committee's work regarding proposals for election of auditors as well as its recommendation in this regard. The audit committee has recommended re-election of EY AB as the company's auditor. EY has been the company's auditor since the annual general meeting 2016 and has performed its assignment in a satisfactory manner. The nomination committee proposes, in accordance with the recommendation of the audit committee, re-election of EY for the period until the end of the annual general meeting 2020. If elected, EY has announced its appointment of Hamish Mabon as auditor-in-charge.

Questions about the nomination committee's proposal will be answered by the Chairman of the nomination committee, Karl Åberg, phone +46 8 666 64 00.

Sundsvall, February 2019

The nomination committee for Svenska Cellulosa Aktiebolaget SCA