

BillerudKorsnäs Modern Slavery Statement 2016

Introduction

This statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by BillerudKorsnäs during 2016 to prevent modern slavery in its business and supply chains.

BillerudKorsnäs is committed to prevent any form of modern slavery, servitude and human trafficking as well as forced or compulsory labour. BillerudKorsnäs is a signatory member of the UN Global Compact and adheres to the [ten principles](#).

Our business and supply chains

BillerudKorsnäs is a world-leading producer of high-quality paper and board for packaging. In 2016 the number of employees was 4,300 and the net sales were SEK 21.7 billion. Our 2 000 customers are packaging manufacturers, brand owners and large retail and supermarket chains in 100 countries. Through close collaboration with customers and strategic partners all over the world, we take responsibility through every step of the value chain underpinned by ethical policies, risk management, whistleblower function, contractual demands, compliance management, due diligence procedures, supplier assessments and chain of custody certifications.

Our materials and packaging solutions are used in the segments Food & Beverages, Consumer & Luxury Goods, Medical & Hygiene and Industrial, where consumer segments in 2016 account for 76% of the company's net sales. Demand is driven by global megatrends, such as increased world trade, urbanisation, digitalisation and a greater focus on sustainability. While Europe remains our main market, we are gradually strengthening our presence in growth markets, primarily in Asia but also in Africa and the Middle East – markets accounting for 23% of the net sales in 2016. We are aware the Company's growing internationalization increases the risks for exposure to issues related to modern slavery, which has underlined the importance of implementing a thorough approach in all parts of the business and value chain. The purchasing of goods and services is predominantly in the Nordic countries, representing 99.6% of the purchasing value together with the rest of Europe where the legislative framework is similar and strong. 0.4% is purchased from the rest of the world.

Code and policies relevant to the prevention and detection of modern slavery

Since 2009, BillerudKorsnäs is a signatory member of UN Global Compact. This shows our commitment to the initiative, and supports its ten principles. Among the principles the important principle number 4 is found, the elimination of all forms of forced and compulsory labour. The Company's Code of Conduct states that forced labour is not permitted. Relevant policies are; diversity, non-discrimination, anti- corruption, whistleblowing, purchasing, trade compliance and Standards for Business Partners.

Supplier Due diligence and monitoring

In order to identify and mitigate risks, the company assesses new suppliers and regularly reviews existing suppliers. The assessment covers eight perspectives, including responsibility to meet human rights criteria. Shared requirements ensure that suppliers live up to UN Global Compact,

BillerudKorsnäs' Code of Conduct, international standards, applicable laws and regulations. The outcome of the assessments is summarized in follow-up and improvement meetings at the supplier's premises.

The wood supply chain is assessed in accordance with the certifications of FSC® Chain of Custody/Controlled Wood and PEFC™ Chain of Custody as well as the due diligence procedure stated by the European Timber Regulation. Furthermore forestry contractors are assessed in accordance with the forest management standards of the two systems mentioned above as well as the specific PEFC standard for contractors. The FSC forest management certification provides compliance assurances according to the ILO core conventions.

Effectiveness in preventing modern slavery

As part of the Company's sustainability targets for 2016, suppliers representing 60% of the purchased value should be assessed according to the established model within a running three-year cycle. The target was reached and for 2020 the corresponding target is 75%. Furthermore all of BillerudKorsnäs' new suppliers were assessed during the year. This means the procedures to assess whether there are any issues related to modern slavery or other issues concerning ethics and working conditions have been fulfilled. In the assessments of our suppliers, we have not found anything to indicate issues related to modern slavery.

To strengthen the capacity to uphold an effective compliance system a compliance officer was employed during the year. Suppliers from Asia carry a potential higher risk and to support to the business activities in Asia, the appointment was placed in China. In order to ensure the specific legislation and requirements of the region are effectively met the Company's existing assessment procedures will be further adapted.

To support the detection of potential violation of our code of conduct, information was made available about the whistle-blowing function.

Training conducted

The Code of Conduct training is a must for all employees as the first step in raising awareness in among others, forced labour as stated in principle number 4; the elimination of all forms of forced and compulsory labour.

This statement was approved by the Board of Directors of BillerudKorsnäs AB.

Lennart Holm
Chairman of the board
June 2017