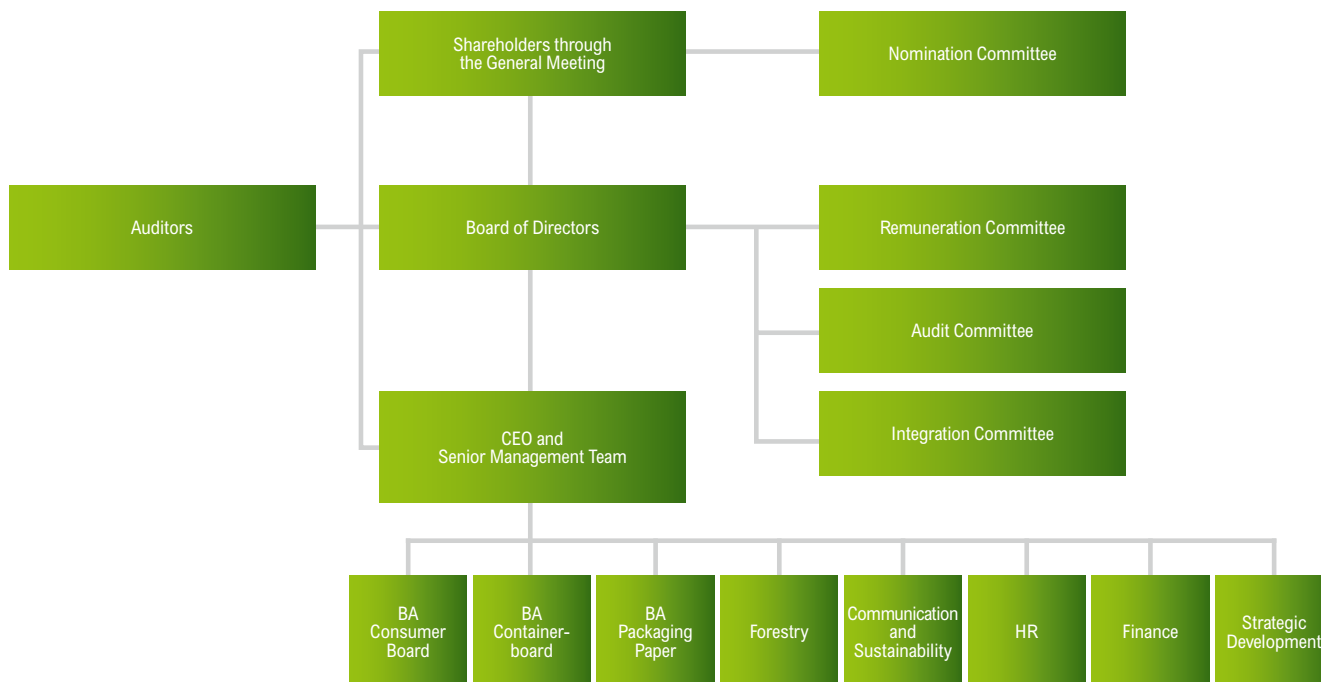


# CORPORATE GOVERNANCE IN BILLERUDKORSNÄS IN 2013

This report on corporate governance in the BillerudKorsnäs Group in 2013 has been prepared in accordance with regulations in the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. BillerudKorsnäs has been applying the Code since 2005. The report has been drawn up by the Company's Board of Directors and been reviewed by the Company's auditors.



## Corporate governance in BillerudKorsnäs

Primary external regulations affecting BillerudKorsnäs' governance:

- the Swedish Companies Act
- NASDAQ OMX Stockholm AB Rulebook for issuers
- the Swedish Code of Corporate Governance

Corporate governance in BillerudKorsnäs is based on applicable law, the Company's articles of association, NASDAQ OMX's Rulebook for Issuers, the Swedish Code of Corporate Governance ("the Code"), other relevant laws and regulations, and internal policies and guidelines. 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 2013, BillerudKorsnäs applied the Code in all respects, except for the following deviation. Prior to the 2014 Annual General Meeting (AGM), Board member Michael M.F. Kaufmann was appointed chairman of the Nomination Committee. This deviates from the rule in the Code that no Board member shall act as chairman of the Nomination Committee. The deviation is in accordance

with the resolutions passed by the AGM in 2013 regarding rules on composition of the Nomination Committee. According to these resolutions, the chairman of the Board member representing the largest shareholder. The resolutions are in the best interests of the Company and all shareholders, and a natural consequence of Michael M.F. Kaufmann's association with the Company's largest shareholder.

No breach of the relevant stock exchange rules or of good stock market practices has been reported by NASDAQ OMX Stockholm's Disciplinary Committee or the Swedish Securities Council.

### OWNERSHIP STRUCTURE AND SHARES

BillerudKorsnäs' shares are listed on NASDAQ OMX Stockholm. At year-end

2013, the total number of shareholders was 102 315, compared to 104 625 at the previous year-end. Every share carries an entitlement to one vote. The proportion of foreign ownership was 29.4% (34.4) of the number of shares in the market. Other groups of shareholders consist of private individuals in Sweden, 23.6% (25.9), and legal entities in Sweden, 47% (39.7). Further details of the Company's shares, shareholders and the like are presented in the 2013 Annual Report, under The BillerudKorsnäs share, and on the Company's website.

### GENERAL MEETING

#### Rules for shareholders' meetings

Under the Swedish Companies Act, the shareholders' meeting is the Company's ultimate decision-making body. Shareholders exercise their voting rights at the meeting. All shareholders entered in the share register

on the record date who have notified the Company in time are entitled to participate in the meeting and vote for their total holdings of shares. Shareholders attending the Annual General Meeting (the AGM) also have the opportunity to ask questions about the Group's activities. Notice of shareholders' meetings will be posted on the Company's website and published as an advertisement in Post och Inrikes Tidningar. An announcement that the notice has been issued is published simultaneously in Svenska Dagbladet. The AGM shall be held in Stockholm within six months of the end of the financial year. Normally, the AGM is held in April or May. The AGM decides on matters such as whether to adopt the Company's annual accounts, how to appropriate the Company's profit/ loss and whether to discharge the members of the Board 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 compensation for the CEO and Senior Management Team. Resolutions are usually passed at a shareholders' meeting by simple majority except in those cases when the Companies Act stipulates a higher proportion of shares represented and votes cast at the meeting. Resolutions passed at a shareholders' meeting are made public after the meeting in a press release, and the minutes of the meeting are published on the Company's website. The AGM is held in Swedish and simultaneously translated into English.

### 2013 Annual General Meeting

The 2013 AGM took place on 7 May 2013 at Hotel Rival in Stockholm, and addressed matters customarily dealt with at the AGM. The AGM resolved inter alia to re-elect Board members Hannu Ryöppönen, Mia Brunell Livfors, Jan Homan, Lennart Holm, Gunilla Jönson, Michael M.F. Kaufmann, Wilhelm Klingspor and Mikael Larsson. The AGM resolved to re-elect Hannu Ryöppönen to be the Chairman of the Board. The AGM also resolved to introduce a long-term incentive programme (LTIP 2013), to authorise the Board to take a decision on a transfer of its own shares and on certain editorial amendments to the Articles of Association. The minutes from the AGM are available on the Company's website.

### 2014 Annual General Meeting

The 2014 AGM will take place at 2 p.m. on 6 May 2014 at Hotel Rival, Mariatorget 3, Stockholm. A full text of the notice of the

2014 AGM, including details of how to register for attendance at the meeting, is posted on the Company's website.

### NOMINATION COMMITTEE

According to the Code, the Company is required to have a Nomination Committee, the main task of which is to prepare the AGM's decisions on elections and fees. The Company's AGM resolves on procedures determining how the members of the Nomination Committee are appointed and guidelines for the committee's work on drafting proposals to be considered at the next AGM. Under the guidelines adopted by the 2013 Annual General Meeting, the Nomination Committee for the 2014 AGM consists of four people appointed by the Company's major shareholders. Due to significant changes in ownership of the Company in December 2013 certain changes were made in the Nomination Committee in relation to the original Nomination Committee, which was announced in connection with the Company's 2013 third quarter report. Please see the table below for the final composition of the Nomination Committee for the 2014 AGM.

One task of the Nomination Committee is to produce proposals for Board of Directors and auditor, as well as for fees for such persons, and proposals for a chairman for the AGM, prior to the 2014 AGM. Before the 2014 AGM, the Nomination Committee held physical meetings and kept in contact by phone and e-mail. Shareholders have been welcome to submit proposals and opinions to the Nomination Committee by e-mail or mail. On the Company's website, a separate section entitled "Nomination Committee" in the corporate governance section provides information to shareholders regarding how they can submit proposals to the committee. No separate remuneration was paid to the Chairman or any other members of the Nomination Committee.

### BOARD OF DIRECTORS

#### Composition

The articles of association stipulate that the Board of Directors of BillerudKorsnäs shall consist of no less than six members and no more than ten members, with no more than

six deputies. Board members are appointed for one year at a time. At the 2013 AGM it was resolved that the Board of Directors should consist of eight members elected by the Meeting, without deputies, to serve until the end of the 2014 AGM. The Board of Directors consists of Hannu Ryöppönen (Chairman), Mia Brunell Livfors, Jan Homan, Lennart Holm, Gunilla Jönson, Michael M.F. Kaufmann, Wilhelm Klingspor and Mikael Larsson. In addition, the employee organisations have appointed two employee representatives to serve on the Board. These are Helen Gustafsson and Kjell Olsson with deputies Kurt Lindvall and Tobias Söderholm. Other than the employee representatives and their deputies, none of the Board members are employed by the Group. 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 more 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 60–61. The Board of Directors has appointed the Group's Legal Counsel Andreas Mattsson as Board secretary.

### 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 bookkeeping, 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 Board shall in the first instance focus its attention on general, long-term issues, as well as issues that are of an exceptional nature or of major importance to the Group and the Company.

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

### COMPOSITION OF AND VOTING REPRESENTATION ON THE NOMINATION COMMITTEE

Representative	Shareholder	Share of voting power, % <sup>1</sup>
Michael M.F. Kaufmann	Frapag Beteiligungsholding AG	15.1
Mathias Leijon	Nordea Funds	8.2
Björn Franzon	Swedbank Robur Funds	6.5
Peder Hasslev	AMF Försäkring	6.2

<sup>1</sup> As of 30 December 2013.



also established a number of general policies for the Company's activities. They include the Company's business code, which summarizes the Company's responsibilities, guidelines, procedures, values and goals. Other key policy documents are the Company's operational policy, finance policy, credit policy, and communication policy.

The Board 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 accounts, as well as the issues that are 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 results, and interim reports are approved for publication. A statutory 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 a meeting primarily dedicated to strategy issues.

#### **Work of the board in 2013**

The Board met 13 times in 2013, including two per capsulam meetings. Board members Lennart Holm and Jan Homan were absent from two meetings, and Board members Michael M.F. Kaufmann and Mia Brunell Livfors were absent from one meeting. Other ordinary members of the Board were present at all Board meetings.

The Board addressed, on an ongoing basis, strategic issues relating to the Company's operations and focus, follow-up of previous acquisitions, investments above a certain level, and other matters.

Particular focus has been dedicated to integration issues associated with the combination with Korsnäs, investments in research and development, growth issues, sustainability and cost savings.

All meetings followed an approved agenda, which, accompanied by documentation on the particular agenda item, was distributed to all Board members about a week before the meeting. Minutes are taken at all Board meetings and the minutes are distributed to Board members in accordance with the rules stated in the Code.

#### **Assessment**

BillerudKorsnäs has routines 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. In 2013 all Board members responded to

written questionnaires about their own performance, the Board's work in general, work in the Board's committees and about the work of the Chairman of the Board. The Board also continually evaluates the work of the CEO. Once a year an assessment is made of the CEO without the CEO being present.

#### **BOARD COMMITTEES**

The Board currently has three committees: a remuneration committee, an audit committee and a temporary integration committee. The Board appoints the members to serve on these committees.

#### **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 ensure that the Company is audited in an expert, efficient and independent way. Without having an impact on the Board's responsibilities and tasks, the audit committee is charged with considering all important accounting issues that affect the quality of the Company's financial reporting. With regard to the financial reporting, particular attention is to be paid to supervision of the effectiveness of the Company's internal control and risk management. The audit committee is required to keep informed about the audit of the annual accounts and the consolidated accounts and to scrutinise and supervise the impartiality and independence of the auditor. Particular attention is to be paid to whether the auditors provide the Company with services other than auditing. The audit committee is also charged with assisting in the preparation of proposals for decisions by the AGM on 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 Board and the audit committee on certain occasions. It continually reports the results of its work, in the form of observations, recommendations and proposed resolutions and corrective actions, to the Board, which must make any decisions that result from the committee's work. The audit committee consists of members Mikael Larsson (Chairman), Lennart Holm, Jan Homan and Kurt Lindvall.

#### **Work in 2013**

The committee held eight meetings in 2013. All committee members were present at these meetings. During the year the

committee addressed various auditing issues, the audit plans for 2013, risk analysis, internal controls and tax issues. The committee met ahead of the publication of each interim report and the year-end report, when the members dealt with accounting and reporting issues related to the reports. The chairman of the audit committee regularly reported to the Board on committee meetings. The Board's work on internal control related to financial reporting is summarised in "Internal control and risk management for financial reporting in 2013".

#### **REMUNERATION COMMITTEE**

The principal function of the remuneration committee is to prepare the Board's decisions on issues relating to compensation principles, compensation amounts and other employment terms for members of the Senior Management Team, to monitor and evaluate programmes for variable compensation to the Senior Management Team – ongoing and completed during the year – and to monitor and evaluate the implementation of guidelines and compensation to senior executives, compensation structures and compensation levels. More specifically, the committee's tasks include to propose a general policy on salaries, compensation and other employment terms generally within BillerudKorsnäs, and to approve the CEO's proposal for salaries and remuneration for the Senior Management Team within the framework of this policy. The committee also makes proposals to the Board, which decides on the salary and other compensation for the CEO. The remuneration committee consists of members Hannu Ryöppönen (Chairman), Mia Brunell Livfors and Michael M.F. Kaufmann.

#### **Work in 2013**

The committee held four meetings in 2013. All directors were present at these meetings, with the exception of Mia Brunell Livfors and Michael M.F. Kaufmann, who were absent from one meeting each. In 2013, the committee considered actual variable salaries in 2012, and salary reviews for the Senior Management Team in 2013. Further, the committee addressed the evaluation of the LTIP 2013 incentive programme and the structure of the LTIP 2014 incentive programme. The principles for remuneration to the CEO and other senior executives, as well as the actual figures, are contained in note 24 of the 2013 Annual Report.

#### **INTEGRATION COMMITTEE**

The board may also resolve that issues may be rendered by ad hoc committees dealing with specific matters and, due to



the combination between Billerud and Korsnäs in 2012, has established an integration committee of temporary nature. The primary task of the Integration Committee is to monitor and evaluate integration between the former Billerud and the former Korsnäs and how it has been planned, how resources have been allocated and how the various integration sub-projects have been carried out.

The integration committee consists of members Lennart Holm (chairman) and Hannu Ryöppönen.

#### Work in 2013

The committee held five meetings in 2013. All committee members were present at these meetings. The Committee addressed matters related to integration between the former Billerud and former Korsnäs in 2013.

#### AUDITORS

The Company's auditors are appointed by the AGM. At the 2013 AGM, audit firm Ernst & Young AB, with lead auditor Lars Träff, was elected as the Company's auditor for the period until the end of the 2014 AGM. Lars Träff is an authorised public accountant and has experience of auditing at several other listed companies. Lars Träff is also currently serving as auditor in Boliden, Scania, Lantmännen, the ÅF Group, and Intrum Justitia.

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, Billerud-Korsnäs' auditors met with the audit committee on four occasions and with the Board on one occasion in 2013.

#### CEO AND SENIOR MANAGEMENT TEAM

The Company's chief executive officer (CEO) is appointed by the Board of Directors. Per Lindberg is the CEO of the Company and Christer Simrén is the Executive Vice President of the Company. The CEO is responsible for the ongoing management of the Company's and Group's business operations in accordance with instructions established by the Board. These instructions include responsibility for financial reporting, preparation of information and input for decisions to the Board, and ensuring that agreements and other measures do not conflict with applicable legislation or regulations.

The CEO and the Senior Management Team (SMT) are jointly responsible for daily operations. The SMT consists of the CEO and Executive Vice President (and COO), as well as the heads of the three business areas (Consumer Board, Containerboard and Packaging Paper) as well as the heads of the group functions Forestry, Communication and Sustainability, HR, Finance and Strategic Development. The role of the SMT 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 SMT sets targets for operational activities, allocates resources and monitors the operation's profit or loss. The SMT is also responsible for investment planning and follow-up, acquisitions and divestments, and for preparations for board meetings.

The CEO chairs SMT meetings and makes decisions in consultation with the other senior executives. The SMT 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 SMT meets as needed.

For further information about the members of the SMT, see pages 58–59.

An Extended Management Team (EMT) was established in connection with the change in the structure of the Senior Management Team in 2013. The EMT focuses on integration and on coordination between production and market. In addition to the members of the SMT, the EMT includes the heads of group functions Supply Chain and Operational Excellence, as well as the production unit managers for Finland, Frövi, Gruvön, Gävle, Skärblacka and Karlsborg.

#### PRINCIPLES FOR COMPENSATION TO SENIOR MANAGEMENT

At the 2013 AGM, guidelines on compensation to senior management in the Group were adopted. The guidelines state for example that BillerudKorsnäs shall apply market-related compensation levels and employment terms that are appropriate in order to recruit and retain a Senior Management Team with a high level of competence 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 expertise, area of responsibility and performance. Variable remuneration is paid depending on actual results measured against detailed targets, up to a maximum percentage of a fixed annual salary. The maximum percentage is between 30 and 50 percent. However, variable salary shall be paid only if the Company makes an operating profit. Notice of termination is normally 6–12 months, and if the Company gives notice, severance pay shall be a maximum of 12 months' salary.

For the complete resolution on principles for remuneration, see note 24 of the 2013 Annual Report. The Board's proposal for guidelines in 2014 is presented in the Directors' report.



## SENIOR MANAGEMENT TEAM

The Group's Senior Management Team was changed over the year **in a drive to focus on profitable growth**. In addition, an Extended Management Team was established to focus on integration and coordination. The EMT includes the mill managers.

### President and CEO

**Education:** MSc and PhD, Chalmers University of Technology, Gothenburg.  
**Year employed:** 2005  
**Year born:** 1959  
**Other assignments:** Board member of SP Technical Research Institute of Sweden, Bergvik Skog AB and Middlepoint AB. Member of IVA Royal Swedish Academy of Engineering Sciences Division VIII – Forest Technology.  
**Background:** Managing Director, Korsnäs AB. Vice President, Investment AB Kinnevik. Management and strategy consultant, Applied Value Corporation, US.  
**Shareholding**<sup>1</sup>: 73 213



PER LINDBERG

### Executive Vice President, COO

**Education:** MSc and PhD, Chalmers University of Technology, Gothenburg. MBA, School of Business, Economics and Law, Gothenburg University.  
**Year employed:** 2008<sup>2</sup>  
**Year born:** 1961  
**Other assignments:** Board member of Bergteamet AB and AB Geveko.  
**Background:** CEO of Korsnäs AB and Wermland Paper AB. Member of the management team of Kinnevik. Chairman of the board of Grycksbo Paper Holding AB.  
**Shareholding**<sup>1</sup>: 18 000



CHRISTER SIMRÉN

### Senior Vice President Forestry

**Education:** MSc, forestry, Sweden's Agricultural University, Umeå. Licentiate Degree in Forestry, Swedish University of Agricultural Sciences, Garpenberg.  
**Year employed:** 2001<sup>2</sup>  
**Year born:** 1956  
**Other assignments:** Board member of Future Position X Service AB, Svenska FSC, Skogforsk and ACE, Brussels. Member of KSLA.  
**Background:** Director of forestry, Korsnäs AB.  
**Shareholding**<sup>1</sup>: 6 600



UNO BRINNEN

### Senior Vice President Container-board

**Education:** MSc, Technische Universität Carolo Wilhelmina Braunschweig, Germany. Executive MBA, Mgruppen.  
**Year employed:** 2001  
**Year born:** 1969  
**Other assignments:** –  
**Background:** Sales Manager, Stora Enso Gruvön. Stora Support Team, Stora Kopparberg Bergslags AB. Product manager, Stora Gruvön.  
**Shareholding**<sup>1</sup>: 12 125



LENNART EBERLEH

**Senior Vice President  
Consumer Board**

**Education:** MSc, Chalmers University of Technology, Gothenburg.

**Year employed:** 2009<sup>2</sup>

**Year born:** 1962

**Other assignments:** Board member of Bomhus Energi Aktiefbolag, Board member of SPCI (Svenska Pappers- och Cellulosa Ingenjörssällskapet – Swedish Society of Paper and Cellulose Engineers).

**Background:** Mill Director Korsnäs AB, Vice President & Site Manager Rolls-Royce AB, Senior Vice President & CEO Stora Enso Skoghäll AB.

**Shareholding<sup>1</sup>:** 5 000



ULF ELIASSON

**Senior Vice President  
Communication and Sustainability**

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

**Year employed:** 2011

**Year born:** 1974

**Other assignments:** –

**Background:** Senior consultant at ÅF AB and Pöyry Forest Industry Consulting AB.

**Shareholding<sup>1</sup>:** 1 300



HENRIK ESSÉN

**Senior Vice President  
Corporate Human Resources**

**Education:** Human Resource Management programme, Umeå University. Executive MBA, Stockholm School of Economics.

**Year employed:** 2011

**Year born:** 1970

**Other assignments:** –

**Background:** HR Lead Global Supply Chain & Strategy, AstraZeneca. Head of HR Sweden Operations, AstraZeneca. HR Manager, Ericsson.

**Shareholding<sup>1</sup>:** 4 000



KARIN HÅGFELDT

**CFO**

**Education:** MBA, School of Business, Economics and Law, Gothenburg University.

**Year employed:** 2011

**Year born:** 1961

**Other assignments:** Board member of Acando AB.

**Background:** CEO, Mercuri International Group. Executive Vice President & Head of Advisory Services, BU Global Services, Ericsson AB. Executive Vice President Finance & Operational Development, BU Global Services, Ericsson AB. Executive Vice President & Head of Business Operations, Ericsson Inc., TX, USA.

**Shareholding<sup>1</sup>:** 975



SUSANNE LITHANDER

**Senior Vice President  
Packaging Paper**

**Education:** B. Sc. in Business Administration, Uppsala University. Executive MBA, Mgruppen.

**Year employed:** 2006

**Year born:** 1964

**Other assignments:** Board member of CEPI Eurokraft.

**Background:** Regional Sales Director, Tele2 Stockholm. Managing Director, AssiDomän Kraft Products Nordic Sales AB. Sales Manager, AssiDomän Scandinavia.

**Shareholding<sup>1</sup>:** 10 000



JOHAN NELLBECK

**Senior Vice President Technology,  
Strategic Development**

**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 Innventia AB, Board member of Awapatent AB.

**Background:** R & D Director Korsnäs AB, Research manager Korsnäs Development, Project area manager STFI.

**Shareholding<sup>1</sup>:** 11 094



MAGNUS WIKSTRÖM

<sup>1</sup> Own and closely related persons' shareholdings as of 15 March 2014.

<sup>2</sup> Relates to year employed at former Korsnäs.

## BOARD OF DIRECTORS



HANNU RYÖPPÖNEN



MIA BRUNELL LIVFORS



LENNART HOLM



JAN HOMAN



GUNILLA JÖNSON



MICHAEL M.F. KAUFMANN

• **HANNU RYÖPPÖNEN**

Chairman of the board since 2012 as well as chairman of remuneration committee and member of the integration committee

**Education:** Msc, Swedish School of Economics and Business Administration, Helsinki, Finland.

**Year born:** 1952

**Other assignments:** Board member of Altor Private Equity Funds. Board member of Novo Nordisk A/S, Amer Sport Corporation Oyj and Value Creation Investments Ltd.

**Background:** CFO and Executive Vice President, Stora Enso Oyj and Royal Ahold, CFO IK Investment Partners and the IKEA group. Chairman of the board of Hakon Invest AB. Board member of Korsnäs AB, Neste Oil OYj and Rautaruukki OYj.

**Shareholding<sup>1</sup>:** 13 440

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

• **JAN HOMAN**

Board member since 2012 and member of the Audit Committee

**Education:** Business studies, University of Commerce, Vienna, Austria.

**Year born:** 1947

**Other assignments:** Chairman of the board of Frapag Beteiligungsholding AG. Board member of Constantia Flexibles Group, Allianz Elementar Versicherungs AG, Erste Group Bank AG and Slovenska Sporitelna. Head of European Aluminium Foil Association and Flexible Packaging Europe.

**Background:** CEO of Constantia Flexibles Group and CEO of Constantia Teich Group.

**Shareholding<sup>1</sup>:** –

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

• **MIA BRUNELL LIVFORS**

Board member since 2012 and member of the remuneration committee

**Education:** Business studies, Stockholm University.

**Year born:** 1965

**Other assignments:** President and CEO, Investment AB Kinnevik. Board member of Tele 2 AB, Millicom International Cellular S.A., Modern Times Group MTG AB, Eeva Attling Stockholm AB and CDON Group AB.

**Background:** Various management positions in Modern Times Group MTG AB, Board member of Korsnäs AB.

**Shareholding<sup>1</sup>:** –

**Independent/Not independent:** Independent of the Company and management, independent of the Company's major shareholders<sup>2</sup>.

• **GUNILLA JÖNSON**

Board member since 2003

**Education:** MSc and PhD in mechanical engineering, Chalmers University of Technology, Gothenburg.

**Year born:** 1943

**Other assignments:** Senior Professor in Packaging Logistics, Engineering Faculty LTH, and senior advisor to the Vice Chancellor of Lund University. Chairman of International Institute for Industrial Environmental Economics (IIIEE). Board member of SIK, Invest in Skåne AB, and Chalmers Industriteknik.

**Background:** Dean of Faculty of Engineering, Lund University

Various executive and other positions at SCA Packaging. Research Director, Swedish Packaging Research Institute.

**Shareholding<sup>1</sup>:** 3 528

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

• **LENNART HOLM**

Board member since 2012 and member of the Audit Committee and chairman of the integration committee

**Education:** MSc in chemical engineering, Chalmers University of Technology, Gothenburg. Degree in Finance, University of Gothenburg.

**Year born:** 1960

**Other assignments:** Chairman of the board of Vida AB, Nexam Chemical AB, Vigmed Holding AB, Chamber Tech AB and Brunkeberg Systems AB. Board member of BioMass C Holding AB, Nattaro Labs AB, Hempel A/S and Zenterio AB. Deputy chairman of SOS Children's Villages Sweden.

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

**Shareholding<sup>1</sup>:** 3 000

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

• **MICHAEL M.F. KAUFMANN**

Board member since 2005 and member of the remuneration committee

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

**Year born:** 1948

**Other assignments:** CEO of Frapag Beteiligungsholding AG. CEO, Frapag Industrieholding AG. Chairman of its subsidiary. CEO, HKW Privatstiftung.

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

**Shareholding<sup>1</sup>:** 9 500

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

**Successful integration, profitable growth and a business that is sustainable in the long term** are critical issues for BillerudKorsnäs that have featured strongly in the work of the Board over the year.



WILHELM KLINGSPOR



MIKAEL LARSSON



HELÉN GUSTAFSSON



KJELL OLSSON



KURT LINDVALL



TOBIAS SÖDERHOLM

• **WILHELM KLINGSPOR**

Board member since 2012

**Education:** Degree in Forest Management, Swedish University of Agricultural Sciences, Skinnskatteberg and business studies.

**Year born:** 1962

**Other assignments:** Board member and CEO of Hellekis Säteri AB. Board member of Investment AB Kinnevik, Handelsbanken in Lidköping, Utvecklingsaktiebolaget Ullersbro and Apotek Vita Hästen AB.

**Background:** Board member of Korsnäs and assignments within the Kinnevik Group.

**Shareholding<sup>1</sup>:** –

**Independent/Not independent:** Independent of the Company and management, independent of the Company's major shareholders<sup>2</sup>.

• **KJELL OLSSON**

Board member since 2012, employee representative Pappers

**Year born:** 1959

**Other assignments:** Works full-time as chairman of Pappers Avd 3 trade union in Gävle.

**Background:** –

**Shareholding<sup>1</sup>:** 45

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

• **MIKAEL LARSSON**

Board member since 2012 and chairman of the Audit Committee

**Education:** Degree in business administration, Uppsala University.

**Year born:** 1968

**Other assignments:** CFO, Investment AB Kinnevik. Board member of Transcom WorldWide S.A. Various assignments within the Kinnevik Group.

**Background:** Various assignments within the Kinnevik and Korsnäs Groups.

**Shareholding<sup>1</sup>:** 3 000

**Independent/Not independent:** Independent of the Company and management, independent of the Company's major shareholders<sup>3</sup>.

• **KURT LINDVALL**

Deputy Board member since 2001, member of the Audit Committee, employee representative Pappers

**Year born:** 1951

**Other assignments:** Works full-time as chairman of Pappers Avd 165 trade union in Karlsborg.

**Background:** –

**Shareholding<sup>1</sup>:** –

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

• **HELÉN GUSTAFSSON**

Board member since 2010, employee representative PTK

**Education:** Degree in engineering, chemical engineering, Institute of Technology, Linköping University.

**Year born:** 1971

**Other assignments:** Works as production engineer/supervisor at BillerudKorsnäs.

**Background:** –

**Shareholding<sup>1</sup>:** 517

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

• **TOBIAS SÖDERHOLM**

Board member since 2012, employee representative PTK

**Education:** Chemical engineering, Chalmers University of Technology, Gothenburg.

**Year born:** 1975

**Other assignments:** Works as project manager, R & D, at BillerudKorsnäs.

**Background:** –

**Shareholding<sup>1</sup>:** –

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

<sup>1</sup> Own and closely related persons' shareholdings as of 15 March 2014.

<sup>2</sup> Until 9 December 2013, when Investment AB Kinnevik sold its 25.1% shareholding in BillerudKorsnäs, Mia Brunell Livfors was not independent of the company's major shareholders.

<sup>3</sup> Until 9 December 2013, when Investment AB Kinnevik sold its 25.1% shareholding in BillerudKorsnäs, Wilhelm Klingspor was not independent of the company's major shareholders.

<sup>4</sup> Until 9 December 2013, when Investment AB Kinnevik sold its 25.1% shareholding in BillerudKorsnäs, Mikael Larsson was not independent of the company's major shareholders.





# INTERNAL CONTROL AND RISK MANAGEMENT FOR FINANCIAL REPORTING 2013

The report on internal control related to financial reporting for financial year 2013 was prepared and submitted by the Board in compliance with the Swedish Code of Corporate Governance and the guidelines drawn up by FAR SRS and the Confederation of Swedish Enterprise and through the application of the instructions for 2007 issued by the Swedish Corporate Governance Board. The report describes how internal control related to financial reporting is organised. This year's report is presented below.

## INTERNAL CONTROL

BillerudKorsnäs has set the following goals for its internal control.

### 1. Compliance with rules

Internal control shall ensure that BillerudKorsnäs complies with applicable laws and regulations.

### 2. Financial reporting

Internal control shall ensure that BillerudKorsnäs' financial reporting is reliable and provides managers, the Board and shareholders with information adequate for assessing the Company's performance and development.

### 3. Operational activities

Internal control shall ensure that the Company's operational activities are effective, efficiently organised and performed in such a way that the risk of the business not achieving its financial and operational targets is assessed and dealt with continually. To achieve these goals, work is carried out in a process based on the framework for internal control. The process pays special attention to ensure that the application of internal controls achieves a balance between the control activities and the development of an effective control environment with individual accountability throughout the organisation.

## PRIORITY AREAS IN 2013

Financial year 2013 was characterized by the integration process and handling risks in the financial reporting that arose in conjunction with the combination with Korsnäs.

Financial processes within the Group were analysed in 2013 while common processes were gradually implemented. To ensure efficient, integrated handling of financially processes, a Shared Service Centre for the Swedish units was set up in Gävle during the second half of the year. The centre manages reporting, accounts payable, accounts receivable, payroll and other financial procedures. These procedures were taken

over from the Swedish units at year-end, with the exception of Karlsborg where the transition will be made during the first half of 2014.

Integration of IT structure and systems after the merger with Korsnäs was also a priority. Common payroll, reporting and accounts payable systems were implemented in 2013. Pilot studies were launched to establish common systems for purchasing, maintenance and order-inventory invoicing.

## EXTERNAL FINANCIAL REPORTING

The following report has been prepared in accordance with the Swedish Code of Corporate Governance and current instructions to the Code and constitutes the Board's report on internal control for financial reporting. The purpose of internal control for financial reporting is to provide suitable safeguards as to the reliability of external financial reports in the form of interim reports, year-end reports and annual reports and to ensure that external financial reports are prepared in compliance with all laws, applicable accounting standards and other requirements on listed companies.

### Monitoring structure

Solid internal control is fundamental to the proper functioning of the Board. The rules of procedure for the Board and Board committees as well as the instructions for the CEO are intended to establish a clear division of roles and responsibilities that will facilitate the efficient management of risks identified in operations. The Board has also established a series of fundamental policies significant to internal control activities, such as accounting and reporting instructions, a finance policy and financial goals, and has adopted a suitable organisation, including the Company's Senior Management Team.

The Senior Management Team reports regularly to the Board based on predetermined procedures. In addition, reports come from the audit committee. The Senior Management Team is responsible for ensuring that internal control is implemented as necessary to manage

significant risks in day-to-day activities. This includes guidelines for how the individual employee shall understand his or her role in maintaining good internal control.

### Risk assessment and control activities

The Company uses a model for assessing the risk of errors in financial reporting. It continually monitors items where there is an aggravated risk of material error, and ensures that adequate control activities are in place.

For information regarding financial risk and important items subject to appraisal and assessment, please see the section Risk management and sensitivity analysis and note 32 in the 2013 annual report.

### Information and communication

Key guidelines, manuals and the like that are significant to financial reporting are kept up-to-date and communicated continually to the staff involved. Both formal and informal information channels carry important information from staff to the Senior Management Team and the Board. Guidelines for external communication ensure that the Company meets the strict requirements on accurate information for financial markets.

### Monitoring

The audit committee prepares information that the Senior Management Team and auditors submit prior to the Board's assessment. The audit committee's tasks include ensuring, on behalf of the Board, that actions are taken concerning the errors and proposed actions identified in the external audit.

### Internal audit

Considering the monitoring performed by the accounting and controller organisation and the organisation for internal control, the Board has decided that a special internal audit or review function is not necessary at present.

## CONTROL ENVIRONMENT

- The Board adopts**
- Accounting and reporting instructions
  - Finance policy
  - Financial targets
  - CEO and Senior Management Team



## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE REPORT

To the annual meeting of the shareholders of BillerudKorsnäs AB (publ), corporate identity number 556025-5001.

It is the board of directors who is responsible for the corporate governance statement for the year 2013 on pages 54–63 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 24, 2014  
Ernst & Young AB

Lars Träff  
Authorised Public Accountant