

Governance Policy

1. Introduction and Purpose

BillerudKorsnäs' mission/vision is to challenge conventional packaging for a sustainable future. The company has a position as a leading, innovative and sustainable player in the global paper and packaging solutions industry with operations and presence around the world.

Profitable growth is a goal and requirement for being able to live up to our mission. Areas of strategic focus (our strategic platform) are Position, Innovation, Sustainability and Effectiveness.

BillerudKorsnäs believes that People together drive change to ensure the strategic direction and target fulfilment.

BillerudKorsnäs shall be governed by a common governance system ("**Way of Working**"). Way of Working provides a framework which aligns our strategy and operation efficiently by setting requirements, objectives and principles for it.

The purpose of the Group Governance Policy ("the Policy") is to describe Way of Working as well as to define a common approach to support and ensure employees in meeting the Group's objectives.

This Policy is supplemented by underlying Directive(s) which sets out more detailed rules concerning Governance.

2. Scope and Applicability

This Policy applies to BillerudKorsnäs and its subsidiaries ("BillerudKorsnäs" or "the Group") and covers BillerudKorsnäs' business activities and operations globally. This policy applies to all persons working for BillerudKorsnäs or on BillerudKorsnäs' behalf, including board members, employees, interns, and contractors ("Representatives").

The Policy Owner is responsible for the communication and implementation of this Policy. All BillerudKorsnäs Representatives are however individually responsible for reading, understanding and following this Policy.

3. Way of Working – governing principles

Way of Working shall consist of governing principles as described below. The model as a whole shall be further described, accessible for Representatives in the company's common IT-solution for governance, and communicated as relevant enabling sufficient implementation.

3.1 Culture and Corporate Values

BillerudKorsnäs Code of Conduct is a foundation and shall set the frames for what culture the company would like to foster. It shall bring together the values, attitudes and guidelines governing our relations with each other and with society at large. BillerudKorsnäs shall be operated and developed in line with our Code of Conduct and in accordance with our corporate values: *Think new; Cooperate; Take responsibility; and Create Value.*





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A healthy speak up culture shall be fostered. There shall be procedures in place to enable identifying serious wrongdoings or material breaches of the Code of Conduct. Aiming at increasing possibilities to identify malpractice and serious wrongdoings, BillerudKorsnäs shall have a reporting system that enables employees and business partners, who have reasonable grounds to believe that a serious wrongdoing within the company is occurring/has occurred, to report their concerns anonymously.

3.2 Roles and Responsibilities

At all times there shall be an organizational overview accessible for everyone within BillerudKorsnäs. Mandates and responsibilities shall be governed through the company's Delegation of Authority (DoA). Local companies/offices shall operate mandates and responsibilities within their set boundaries. There shall be role descriptions for all employees.

Divisions are responsible for the profit and loss as well as related balance sheet items, and have the mandate to independently run their business operations within the boundaries of Way of Working. Divisions shall implement processes and procedures as needed for effective execution of the Group's common Strategy. Each division shall be responsible for monitoring and implementing new regulations material to its operations.

Corporate functions are responsible for maintaining, developing and supporting implementation of Way of Working as well as support the overall success of BillerudKorsnäs operations. Corporate functions are responsible for monitoring and implementing relevant new regulations.

Service functions are responsible for exploring synergies and economies of scale in selected areas and processes. Service functions can reside in staff functions or divisions with mandate to operate for the whole group.

Decision forums shall be defined and established through a formalized process.

3.3 Risk Management and Group Strategy

BillerudKorsnäs builds commercial resilience and business advantage through structured ways of working with risks. Risks that may threaten the achievement of the organization's goals shall be identified, analyzed, evaluated and responded to. Risk management shall be integrated in the strategy and business planning process. The Group shall have Business Continuity Plans in place. There shall be a defined Crisis Management process in place. Risks that are outside the Group's risk appetite shall be reported to the Governance, Risk and Compliance ("GRC") Council, the Executive Leadership Team as well as the Board of Directors and managed per a defined process.

In order to reach an aligned view across the divisions and functions on BillerudKorsnäs strategic direction, BillerudKorsnäs shall set a long term plan for the Group (Group strategy) as well as coherent business plans detailing implementation of the strategy. The Strategy shall be created through a coordinated and centralized process. The business plan process shall be closely coordinated with the budget process.

3.4 Performance Management

In order to channel clear expectations on divisions and corporate functions; as well as to follow up on targets in a structured way, there shall be a process for BillerudKorsnäs Performance Management.





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The CEO shall communicate expectations on divisions and corporate functions on targets (strategic-, financial-, and operational). As a commitment to this, divisions and functions shall form budgets and change activities. Monitoring of CEO expectations shall be carried out.

3.5 Policies and Directives

Governing documents in BillerudKorsnäs shall be established, implemented, applied, monitored and reviewed consistently and appropriately across the group based on binding rules and corporate commitments (considering stakeholders' views) with a clear internal hierarchy and mandates for approvals. The roles and responsibilities for how they are maintained and implemented (Policy Life Cycle Management) shall be well defined. Policies shall form high level statements of management intent, expectations and direction; answer major operational issues and shall be overseen and/or revised at least annually and approved by the Board of Directors. Policies shall be a component of describing the Group's risk appetite as well as risk culture.

3.6 Common corporate processes

There shall be mandatory common corporate processes in place in order to maximize synergies as well as organizational and monetary efficiency in order to fulfill the Group's strategy. Common processes for the Group are categorized into Leadership-, Development-, and Operational processes.

3.7 Reviews, Controls & Audits

BillerudKorsnäs shall, in an integrated and efficient manner, oversee, monitor and audit compliance with Way of Working.

Business has full responsibility for executing business operations in accordance with BillerudKorsnäs' Way of Working. Corporate functions shall ensure and coordinate that there are processes to monitor compliance with Way of Working. There shall be control functions in place. External audits shall be conducted as necessary. Reporting about material deviations shall be made to the CEO and Board of Directors. Results shall be used to drive continuous improvements.

3.8 Tools

BillerudKorsnäs shall invest in adequate tools supporting efficient and appropriate implementation of Way of Working. Tools necessary for each corporate processes and component shall be described in appropriate directives and/or supplementing documents. Non-compliance and reporting.

4. Non-compliance and reporting

BillerudKorsnäs' Representatives are encouraged to report breaches (including suspected breaches) of the Policy to their immediate manager, their local HR Business Partner or to the Group's General Counsel or Corporate Compliance Manager. Anonymous reporting can be made through BillerudKorsnäs Confidential Reporting System (Speak-Up Line). Any participation in a violation of this Policy or applicable law may be grounds for disciplinary and/or legal action. If you have questions or feedback on the Policy, please contact the Policy Owner or the Group's Corporate Compliance Manager.

