



## Rules of Procedure for the Board of Directors of Billerud AB

At its meeting on 2 September 2004 the Board of Directors of Billerud AB (publ), corporate registration number 556025-5001, (the “Company”), approved the following:

### Rules of Procedure

#### 1. Introduction

- 1.1 The purpose of the Rules of Procedure is to establish procedures for the work of the Board and for its control over the administration of the Company’s affairs, and to prescribe the division of work and responsibility between the Board and the CEO and between the Board and its committees.
- 1.2 The Rules of Procedure shall be approved annually at the first meeting of the Board of Directors elected by the Annual General Meeting. If circumstances require it, the Rules of Procedure may be revised during the year in accordance with a decision by the Board.

#### 2. Meeting – timing, frequency

- 2.1 The Board shall hold its first meeting immediately after the Annual General Meeting.
- 2.2 The Board shall meet when necessary, but at least seven times per year as follows:
  - January/February annual accounts, financial statement, audit issues
  - March agenda for AGM
  - April/may AGM, quarterly report, investments, auditing issues
  - June mill visits, supervision of company management, competition law issues
  - September six months report, strategy, investments
  - October quarterly report
  - December finance issues including finance policy, questions about annual accounts, budget, auditing issues
- 2.3 Extra meetings may be held if a Board member or the CEO so requests. The Chairman shall convene extra meetings within 14 days of the request.
- 2.4 Meetings shall be held at times that suit all Board members. If such a time cannot be agreed, meetings may be held at another time providing that Board members unable to attend give their approval.

If the date of a meeting has been established and a Board member notifies that he or she is unable to attend then the date of the meeting shall not be changed, unless the Chairman decides otherwise. In the event of extraordinary, unforeseen events the Chairman has the right to appoint a time and date for a Board meeting.
- 2.5 Each year at least one, and if necessary several, of the Board meetings shall be held at one of the Company’s mills.

3. Meetings – notification, materials, agenda
  - 3.1 Written notification of Board meetings, including time, date and place, shall always be given Board members, and if required, deputy members.
  - 3.2 The agenda for the forthcoming Board meeting, together with materials required to deal with each item, shall be supplied to each Board member, and if required to deputy members, in good time and, for ordinary meetings, at least around one week before the meeting.
  - 3.3 The chairman in consultation with the CEO shall decide which matters shall be included on the agenda.
  - 3.4 The following matters shall be dealt with at the first Board meeting following election:
    - a) Election of Chairman of the Board
    - b) Establishment of dates and location for ordinary Board meetings in coming year
    - c) Confirmation, or if necessary, appointment of CEO
    - d) If necessary, decision on allocation of Board fees and dates and principles for payments of fees
    - e) Designation of people authorised to sign on behalf of the Company and decision regarding how authorised people shall sign on behalf of the Company
    - f) Designation of people authorised to verify minutes of Board meetings
    - g) Adoption of Rules of Procedure for the Board including instructions for the CEO and procedures for reporting to the Board
    - h) Election of members of Board committees
  - 3.5 The following matters shall normally be addressed at each ordinary Board meeting:
    - Formal opening of the meeting
    - Approval of the agenda
    - Minutes from previous meeting
    - Information about business situation and important events within the Billerud Group
    - Reports
    - Matters requiring decisions
    - Next meeting
    - Formal closure of the meeting
  - 3.6 The following reports shall normally be submitted at each ordinary Board meeting:
    - Report about the Billerud Group and the Company’s business including balances, results and liquidity
    - Report about extraordinary measures implemented between meetings of the Board
    - Report about any legal disputes or loss risks of significance
  - 3.7 In addition to the information that the Board receives in connection with Board meetings, Board members shall also receive information as necessary concerning key events in the Billerud Group and the Company’s activities, for example outcomes of budgets with comments on significant deviations, the development of large ongoing projects and forthcoming large business events. Reporting in accordance with this point

and point 3.6 above constitute the instructions for reporting in accordance with chapter 8, paragraph 4, of the Swedish Companies Act.

#### 4. Division of duties

- 4.1 The Board of Directors is the highest management body beneath the Annual General Meeting. Among other matters, the Board shall:
- take responsibility for the Company's organisation and management of the Company's affairs,
  - ensure that the organisation of the Company is designed so that accounting, asset management and the Company's economic conditions in general are controlled in a reliable manner, and
  - continually assess the Company's economic situation.

The above regulations also apply in certain cases for the Billerud Group.

- 4.2 The Board shall primarily address overall, long-term issues and issues that are of unusual character or of major significance for the Billerud Group and the Company.
- 4.3 The Chairman of the Board shall represent the Board externally and internally. The Chairman shall lead the work of the Board, check that the Board meets its commitments in compliance with the law, the Articles of Association and these Rules of Procedure.
- 4.4 The CEO is responsible for the ongoing administration in accordance with the guidelines and instructions established by the Board. The CEO or the person appointed by the CEO shall report to the Board.

#### 5. Board committees

- 5.1 The Board has two committees, the Auditing committee and the Compensations committee. Separate rules of procedure exist for these committees and are included as supplements to the Board's Rules of Procedure.

#### 6. Board attendance and quorum

- 6.1 The Board is in quorum if more than half its members are in attendance.
- 6.2 The Board reaches a decision with a simple majority, unless otherwise required by law, statute, regulation, agreement or article of association. If voting is undecided the Chairman shall cast the deciding vote.
- 6.3 Unless the Board decides otherwise, the Chairman shall decide after consultation with the CEO which persons in addition to Board members, and if relevant, deputy Board members, shall be present when addressing matters at Board meetings.
- 6.4 If the Chairman of the Board cannot be present at a Board meeting, or if the Chairman is prevented in any other way is prevented from fulfilling his or her duties, then the meeting shall be led, and the other duties of the Chairman performed, by a person appointed by the Board.

- 6.5 The Company's auditors shall be asked to attend meetings concerning assessment of the annual accounts in order to give a spoken report on their observations from the examination of the accounts and the audit.
7. Matters requiring a Board decision
- 7.1 The Board shall take decisions on all matters that are not part of the ongoing administration of the Company in accordance with the instructions to the CEO and those matters requiring a Board decision in accordance with the Swedish Companies Act, the Articles of Association or terms of an agreement.
- 7.2 The Swedish Companies Act prescribes that the Board take decisions in the following matters, among others:
- Appointment of CEO and persons with responsibility to sign on behalf of the Company
  - Annual Report
  - Proposal for profit dividend
  - New share issue
  - Gift to charity or similar
  - Liquidation
8. Minutes
- 8.1 Minutes shall be kept of Board meetings. They shall be kept in numbered order, with each point including a summary of the Board's discussion, the decision taken and the information on which the decision was based.
- 8.2 Dissenting opinions of Board members shall be recorded in the minutes.
- 8.3 The minutes shall be taken by a person appointed by the Board.
- 8.4 Per capsulam (by letter) minutes shall be verified by all Board members.
9. Disqualification, confidentiality, etc.
- 9.1 Board members shall not participate in the following:
- agreements made between the Board member and the Company,
  - agreements made between the Company and third party, if the Board member has significant interests in the matter that can conflict with the Company's interests.
  - agreements between the Company and a legal entity that the Board member alone or together with other people represents, except in cases where the Company's counter party is a member of the same Group.
- 9.2 Court cases or other disputes are in the same category as agreements prescribed in point 9.1



- 9.3 Board members have a duty to report to the Board if the question of disqualification is likely to arise.
  - 9.4 Board members and deputies shall observe confidentiality with regard to all information received from the Company, discussions at Board meetings and all similar information that is not published unless an obligation to reveal such information is prescribed by law.
10. Auditing
- 10.1 Auditing issues shall be handled in the first place by the Auditing committee.
  - 10.2 The committee shall make regular reports in person to the Board concerning its work. It shall also make proposals on issues requiring a decision by the Board and it shall provide minutes from committee meetings for distribution to all Board members.
  - 10.3 To meet the Board's requirements for information, the Company's auditors shall report to the Board once per year. A report from the final annual accounts shall be made on this occasion.
  - 10.4 The auditors' final report and other similar material shall be distributed to the Board in its entirety.