

Group Directive - Wood procurement

1. Introduction and Purpose

This Group Directive (“Directive”) is related to, and aligned with, the following policies: Operations, Quality, and Procurement; Responsible Business; and Sustainability. This Directive presents mandatory principles and describes how the supervisory Group Policies are applied in detail.

Raw materials from sustainably managed forests serve as the key component needed to replace finite resources with renewable materials, to move towards a circular, sustainable society. To ensure that forests can provide this in the long-term and with preserved biodiversity, we need to manage and use them responsibly.

This Directive aims to maintain competitive wood based raw material cost and through balanced stock levels, create stability to adapt to variations in wood supply and in the production demand.

2. Scope and Applicability

This Directive applies to Billerud and its subsidiaries (“Billerud” or “the Group”) and covers Billerud business activities and operations globally. This Directive applies to all people working for Billerud or on Billerud’s behalf, including board members, employees, interns, and contractors (“Representatives”).

All Billerud representatives are individually responsible for reading, understanding, and following this Directive. The owner of this Directive is responsible for communicating and implement the Directive.

The scope of this Directive includes all fiber-based materials, including pulp, roundwood, wood chips, and biofuel. In this document, all materials are collectively referred to as “wood”.

3. Wood Supply

Billerud Wood Supply is responsible for securing the wood fiber required by Billerud’s manufacturing operations. The business also includes procurement of transport services as well as delivery and flow planning. The need for raw materials regarding assortment distribution, certified amount and mode of transport varies between the production facilities. This is dependent on the associated production and logistics prerequisites and type of products manufactured.

All wood transactions are based on standardized legal agreements. Contracts and appendices contain requirements for quality, volume, prices, payment terms, delivery plans, and transparency in wood origin. Additionally, contract appendices stipulate requirements regarding controlled wood, controversial sources, and the use of chemicals. Wood suppliers agree to allow Billerud to visit their harvesting operations to verify origin of growth and confirm that deliveries meet Billerud requirements.

We are committed to respect a sustainable balance among economic, social, and environmental needs. We comply with all applicable laws and regulations. Beyond this, our expectation is that every supplier will responsibly address, and will require their own suppliers to responsibly address our established business practices, consistent with the Billerud Supplier Code of Conduct.

4. Sustainable Forestry and Traceability

Billerud has systems in place to trace the origin of wood used in our products to ensure that it originates from responsible and non-controversial sources. All fiber entering Billerud production is either delivered as certified wood, controlled wood or is subject to Billerud’ s due diligence system.



Billerud recognizes the following credible third-party forest certification systems: The Forest Stewardship Council® (FSC®)¹, Sustainable Forestry Initiative® (SFI®), and standards endorsed by the Programme for the Endorsement of Forest Certification (PEFC)². Sustainable forest management ensures the perpetual regeneration, growing and harvesting of trees is successfully integrated with the protection of wildlife and wildlife habitat, plants, soil, air and water quality, and carbon sequestration. The ultimate objective is to assure that forests remain healthy and productive for generations to come.

In accordance with these standards, Billerud has implemented procedures to mitigate the risk of sourcing:

- Illegally harvested wood, not in compliance with local, national, or international legislation.
- Wood harvested in violation of traditional and civil rights.
- Wood harvested from forests where ecologically high conservation values are threatened by management activities.
- Wood harvested from regions with high deforestation risk and forests being converted to plantations or other vegetation type/non-forest use.
- Wood from forests in which genetically modified trees are planted.
- Wood from activities where the capability of forests to produce a range of wood and non-wood forest products and services on a sustainable basis is not maintained or harvesting levels exceed a rate that can be sustained in the long term.
- Wood from activities where forest management does not contribute to the maintenance, conservation, or enhancement of biodiversity on landscape, ecosystem, species, or genetic levels.
- Wood from activities where the spirit of the ILO Declaration on Fundamental Principles and Rights at Work (1998) is not met.
- Wood from activities where the spirit of the United Nations Declaration on the Rights of Indigenous Peoples (2007) is not met.
- Wood from regions where armed conflicts occur.

Within the regions Billerud operates, together with forest owners and contractors, we endeavor to promote awareness and practices to enhance biodiversity. We strive to continuously increase our use of fiber from forests that are third-party certified.

Billerud is committed to annually evaluate and review the effectiveness of this Directive and associated programs to continually improve and broaden the practice of sustainable forestry.

1. FSC Licenses: (FSC-C004906, FSC-C020000, FSC-C108771, FSC-C108782, FSC-C014984)
2. PEFC Licenses: (PEFC/05-33-137, PEFC/05-33-114, PEFC/05-33-135, PEFC/05-33-136, PEFC/29-31-92)

5. No deforestation commitment

Since 1997 Billerud has been actively involved towards creating sustainable supply chains that ensure responsible use of forests, also including safeguarding measures to prevent deforestation in natural forests and plantations.

Billerud are working within our business and with our external partners to ensure a deforestation-free supply chain, that are essential to tackle global loss of biodiversity and the climate change. Billerud does not source from any supply area or supplier where there are deforestation taking place.



6. Non-compliance and reporting

Billerud representatives are encouraged to report breaches (including suspected breaches) of the Directive 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 Billerud Confidential Reporting System (Speak-Up Line).

Any participation in a violation of this Directive or applicable law may be grounds for disciplinary and/or legal action. If you have questions or feedback on the Directive, please contact the Directive Owner or the Group's Corporate Compliance Manager.

