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Annual and Sustainability Report





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The 2023 Annual and Sustainability Report

Billerud integrates financial, sustainability and corporate governance information in a joint report. The statutory annual report, which includes the Directors' report and financial statements, can be found on pages 28–97. The sustainability report comprises pages 36–40, 47–51 and 101–140, is prepared in accordance with the Global Reporting Initiative (GRI) guidelines, GRI Standards 2021, and is externally assured. Sustainability reporting also includes the statutory sustainability report under Chapter 6, Section 11 of the Annual Accounts Act. The 2023 Annual and Sustainability Report in pdf format is not an xHTML document compliant with the ESEF (European Single Electronic Format) regulation.

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Leader in high performance paper and packaging materials

Billerud is a global leader in high performance paper and packaging materials – passionately committed to sustainability, quality and customer value. We serve customers in more than 100 countries with recyclable products made from cellulose fibers.

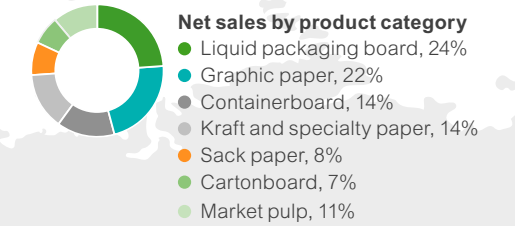
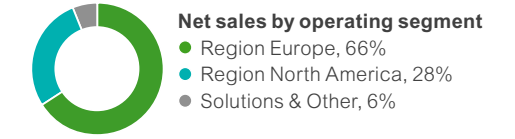
Thanks to our industry know-how and production expertise we are able to develop sustainable packaging materials without compromising on product performance or cost. We can therefore inspire our customers to make the best and most sustainable material choices with confidence.

We believe that all aspects of packaging can be improved. And that our actions today can contribute to a low carbon society tomorrow. That's why we work towards a future where lighter, stronger, more durable and sustainable packaging is the natural choice.

We make high performance packaging materials for a low carbon society

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Net sales





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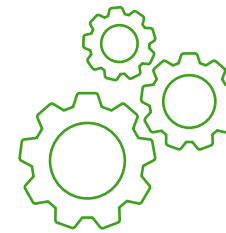
2023 in brief

2023 was a challenging year compared to an excellent 2022. This was due to lower sales volumes caused by a weaker market and historically high costs. There were some positive milestones however, including the successful completion of the Frövi recovery boiler, implementation of a more agile organization, and a positive result from our efficiency enhancement program.



Recovery boiler up and running

Billerud's transition to a circular society continues with the completion of a new SEK 2.6 billion recovery boiler at our Frövi mill. The new boiler runs on fossil-free biofuel and will contribute to lower emissions to air and improve the mill's energy efficiency. The project, which was announced in 2021, was delivered on time and within budget in the third quarter of 2023.



Efficiency initiatives deliver

In the beginning of 2023, Billerud launched a three-year efficiency enhancement program to improve profitability that includes cost-reduction measures in both regions. The announced target for the program was an EBITDA uplift of SEK 1.5 billion by the end of 2025. The program was initially estimated to deliver SEK 400 million in 2023, but already in June, Billerud announced an accelerated delivery of the program, raising the ambition for 2023 to SEK 600 million. This target was achieved by year-end.

At the top in sustainability



For the fourth consecutive year, Billerud's sustainability work was recognized by EcoVadis with a Platinum grade in its annual evaluation. This puts Billerud in the top 1% ranking in the industry regarding the successful integration of sustainability principles into the business.

Organizational change

A new operating model was put in place in mid-August, with distinct regional organizations for Europe and North America. The new structure is already making decision-making clearer, faster and more agile, and it is expected to enable further synergies and value creation.

	2023	2022 ¹
Net sales, SEKm	41,224	42,590
EBITDA, SEKm	3,314	8,167
EBITDA margin, %	8	19
Operating profit, SEKm	534	5,687
Operating margin, %	1	13
Capital employed, SEKm	32,872	33,834
Return on capital employed, %	2	18
Profit/loss before tax, SEKm	185	5,873
Net profit, SEKm	484	4,590
Earnings per share, SEK	1.95	20.13
Dividend per share, SEK	2.00 ²	7.50
Cash flow from operating activities, SEKm	3,290	6,829
Investments in tangible and intangible assets, SEKm	3,177	3,330
Interest-bearing net debt/EBITDA, multiple	1.8	0.6
Average number of employees	6,134	5,525
Fossil CO ₂ in production, kg/ton product	151	119
Accident rate for employees (LTIFR)	3.6	5.4

¹ Including Region North America (Verso Corporation) from 1 April 2022.
² The Board of Directors proposes a dividend of SEK 2.00 per share.

3.5 MT
Sales volumes decreased to around 3.5 million tons due to weak market conditions

8%
The EBITDA margin was negatively impacted by high input costs

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Cautiously optimistic after a weak year

Billerud ended 2023 with a healthy balance sheet despite significant market headwinds. Heading into 2024, we have defined three key priorities for profitable growth.

The year in brief

2023 was without doubt a challenging year for Billerud, especially compared to an extremely successful 2022 with record-high financial performance. Early in 2023, our entire industry faced unusually high inventory levels throughout the value chain and it is only recently that we are seeing signs that destocking is phasing out. We adapted to the situation by carrying out production curtailments which resulted in dramatically lower sales volumes. Organic and currency-neutral net sales decreased by 7% in 2023. EBITDA declined on the back of low sales, high input costs and pricing pressures in several of our product categories.

Nonetheless, we maintained strong focus on those items we were able to control in this difficult market, and I am proud of how we performed. Within our efficiency enhancement program, we accomplished meaningful efficiency

gains by working across company functions. We thereby overdelivered on the ingoing 2023 program target. We also kept tight control on our working capital items such as our inventories, resulting in an outstanding cash conversion of 99% for the year.

This enabled a continued healthy financial position and a net debt/EBITDA ratio at year-end well below our target. The Board of Directors proposes a dividend for 2024 of SEK 2.00 per share, corresponding to 65% of the adjusted net profit, which is fully in line with our dividend policy.

Key highlights

We made important progress in several areas in 2023. We implemented a new organization with a clear operating model for our two regions – Europe and North America. We have already seen positive signs of how this new structure provides good conditions for agile, clearer and faster decision-making.

We are continually raising our sustainability ambitions. We have updated our greenhouse gas reduction targets to include our recently acquired North American operations. These targets are aligned with the Paris Agreement goals and are to be validated by the Science Based Targets initiative. Billerud is also a signatory member of the UN Global Compact.

A new recovery boiler was installed at the Frövi mill that will ensure continued long-term and competitive production of high-quality cartonboard. We are particularly pleased that the project to build the recovery boiler was delivered on time and within budget despite plenty of external challenges during construction. Once again, our ability to manage and carry out large and complex capital investments has been successfully proven.



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“Entering 2024, we are cautiously optimistic that our sales volumes will start to recover. We see clear indications that customers’ inventories are returning to normal levels, which should boost our sales.”

Safety first

Health and Safety is our top priority. This is not least noticeable by the fact that the injury frequency rate in Region Europe was record low in 2023. This is a signal that our systematic safety work throughout the organization is going in the right direction. But despite this, last year there was a tragic accident in which an appreciated employee in Frövi died. The news of this incident was received with sadness by all of us at Billerud. To ensure that something like this will never happen again, we have further deepened our preventive safety work in close dialogue with our employees.

We also had an outbreak of blastomycosis infection at the Escanaba mill in the first half of the year. Although we have not found a direct link to the worksite, many fell ill and we are deeply saddened by the death of a person who worked as a contractor at the mill. As a matter of precaution and in close conjunction with health experts and authorities, we took swift action and idled the mill for deep cleaning across the mill. We invited the US National Institute for Occupational Safety and Health (NIOSH) to investigate and are awaiting their final report. However, to date, no

blastomycosis spores have been found and this appears to have been a one-time event.

Priorities for 2024

Going into 2024, we are mobilizing the company around three main priorities:

- 1) Proceed with the preparations for our strategic investment projects
- 2) Update the strategy for Region Europe
- 3) Continue to deliver EBITDA uplifts from our efficiency enhancement program

1. Strategic investment projects

We remain convinced about the opportunities with converting some of our graphic paper assets to board production in the US, but the transformation must deliver strong shareholder value. We continue to fine-tune the scope of the project and remain in close dialogue with suppliers. Meanwhile, we are strengthening our market position for paperboard in North America through exports from Europe. Our plans to start bleached chemi-thermomechanical pulp (BCTMP) production together with Viken Skog in Norway is also proceeding. We have completed the feasibility study and submitted the application for the necessary environmental permit.

2. Strategy for Region Europe

In 2024 we will update the strategy for Region Europe as we must be agile to face the new reality of structurally higher input prices, particularly for Nordic and Baltic pulpwood, which is our largest raw material cost. Prices are expected to remain elevated compared to historical levels. We aim to improve profitability and maintain positive cash generation across all production units. We are determined to make bold moves to secure the sourcing of cost competitive fiber by entering new partnerships, applying technical improvements to reduce fiber consumption, and increasing our field wood purchasing. We also see substantial potential for improved efficiency in the way we work and operate our mills.

3. Efficiency enhancements

We have several sizable building blocks for 2024 within our efficiency enhancement program. For example, we will rearrange and optimize our outbound logistics structure in Europe. The process to reduce our workforce by 350 positions is ongoing and will provide structural savings already this year. The efficiency enhancement program is in total expected to deliver



an additional EBITDA uplift of SEK 700 million by the end of 2024.

Outlook

Entering 2024, we are cautiously optimistic that our sales volumes will start to recover. We see clear indications that customers’ inventories are returning to normal levels, which should boost our sales. However, consumption in certain categories will likely be negatively impacted by continued geopolitical and macroeconomic uncertainties. We will remain focused on those areas within our control and will execute plans to realize efficiencies. We are optimistic about the strategic investment opportunities that will be decisive for Billerud's future direction.

I want to conclude by thanking our shareholders and customers for your

trust, and employees for your hard work and commitment. I am honored to be given the task to lead this fantastic company going forward. Billerud has a proud history of 150 years of engineering and innovation excellence, talented employees, a customer-focused corporate culture, and not the least, high-performance packaging materials that can make the world more sustainable. I look forward to continuing with the work to realize Billerud's full potential.

Ivar Vatne
President and CEO

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Trends and the business environment

Billerud's ability to develop high quality, renewable packaging materials matches the rising need for packaging driven by major global trends. Sustainability, urbanization, changed consumer behavior and a focus on health and safety are among the trends that continue to have a positive effect on our business.

Short-term business cycle

Over the past couple of years, we have seen a drastic change from good to challenging market conditions in our industry. Around the world, there is higher inflation, energy prices, and interest rates. Consumers have lower disposable incomes and in 2023 we saw a drop in demand for both consumer and industrial products. Sales also slowed down due to an overstocking situation among customers who had built up higher inventories following the strained supply chains experienced during the pandemic. In addition, the EU sanctions on imports from Russia have led to greater competition and price hikes on pulpwood in the Nordics and Bal-

tics. This too has affected our business as we source fiber from forests in these regions.

Longer term market prospects and megatrends

Nonetheless, in the long term, the demand for fiber-based materials is expected to continue growing. The global packaging market is forecast to grow by about 4% per year to 2028, according to Smithers. Virgin fiber packaging materials are expected to grow at a similar rate. Of Billerud's product areas, growth is forecast to be highest for cartonboard, which will outpace the growth of rigid plastic packaging.

Urbanization and population growth

Urbanization and a growing population continue to drive the demand for packaging, while an urgent need for circularity and sustainability are increasing the demand for recyclable and resource-efficient packaging materials such as our own. Consumers are increasingly looking for products and packaging that won't harm the environment.

Reducing carbon footprints

Brand owners and retailers around the world are looking for ways to reduce their carbon footprints by purchasing materials with a lower climate impact. The development of new packaging solu-

Estimated growth of the global packaging market

USD billion

2023



Average annual growth (CAGR) 2023–2028

- Fiber: 4.1%
- Plastic: 4.2%
- Other: 2.6%

2028



Source: Smithers, Billerud analysis.



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tions and innovative applications from wood fiber products is enabling them to shift from plastic to paper-based solutions with a lower CO₂ footprint. Billerud can also provide customers with products backed by declarations containing detailed environmental information.

Stricter legislation

Stricter legislation, as well as incentives for green investments in both Europe and North America, are also driving the transition towards a more circular society. In the EU, regulations that impose higher demands on recycling will increase the material circularity of packaging and reduce packaging waste. Climate policy measures and other legislation within the scope of the European Green Deal are changing the ground rules for the forest industry and raising an interest in new solutions such as carbon capture.

Forest as a valuable resource

The forest is extremely valuable for biodiversity and carbon absorption. It also provides raw material for renewable products that contribute to the green transition as they replace alternatives with a larger carbon footprint. As the need for forest resources increases, industry must use trees and wood fiber as efficiently and sustainably as possible, extracting their maximum value, and promoting the recycling of fiber-based products. Billerud's paper and packaging materials are recyclable and we only source wood from growing

forests that are sustainably managed, with respect for biodiversity.

Digitalization and e-commerce

Digitalization is increasing the need for packaging for e-commerce, while it is having a negative effect on the long-term demand for graphic paper as electronic media replaces print media. This is resulting in capacity reductions and restructuring within graphic paper. Billerud is a cost, quality and service leader in the North American graphic paper market, and as such will continue to supply these products, but plans to successively transform part of this business to paperboard production. We also supply specialty paper products, with e-commerce as a demand driver of, for example, labels and mailing bags.

Product safety and hygiene

An increasing consumer focus on product safety and hygiene is also positive for Billerud's business. Our virgin fiber packaging materials have the necessary properties to meet the demands of food safety and long shelf life for food and beverages. We are also in an excellent position to supply producers of medical products with safe and hygienic kraft papers. A growing and aging population, along with increased spending in healthcare, will continue to drive up the demand for safe and hygienic medical packaging.





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Our business

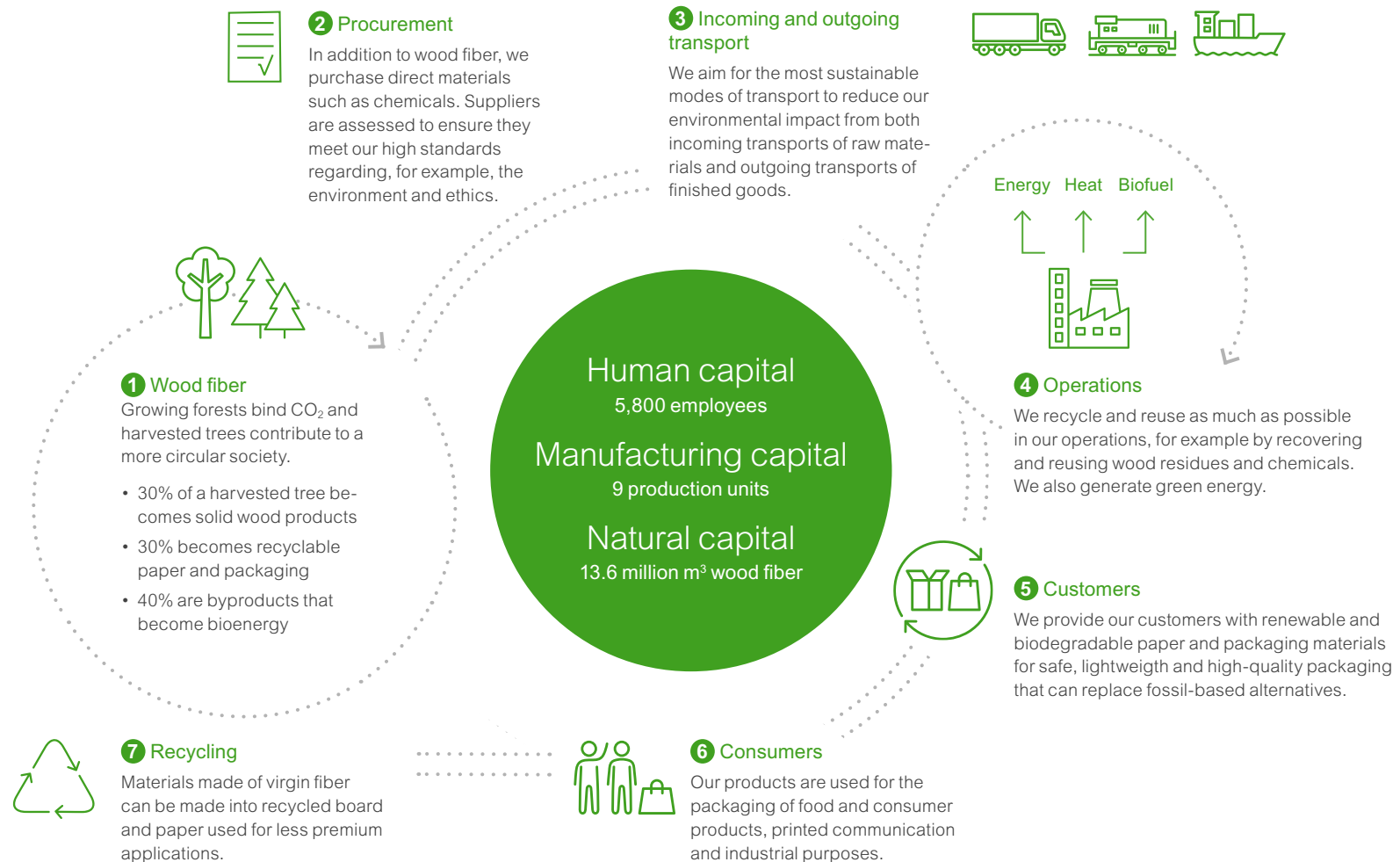
Sustainability is at the core of our business. Our production is in ten locations on two continents where responsibly managed forests are close at hand. We make high-performance, recyclable materials that are used for the packaging of food and consumer goods, industrial use and printed communication. People all over the world depend on our products.



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Sustainability at the core of our business model

Billerud makes high-performing paper and packaging materials that fit into a circular economy. People around the world depend on our biodegradable and recyclable materials.



Billerud's operations create value for customers, shareholders and other stakeholders, while also contributing to the transition towards a circular society. We are passionately committed to sustainability, quality, our customers and their businesses.

Respect for the forest

Growing forests absorb more carbon dioxide than standing forests. After harvesting, the entire tree is used for different purposes and certain parts are used in Billerud's production. We source wood chips and the upper parts of the tree to make pulp, paper and paperboard. We only source wood fiber from forests that are sustainably managed, with respect for biodiversity and societies.

Integrated mills and green energy

Billerud's production facilities are located in Sweden, the US and Finland, close to the source of raw material. All facilities, except the Wisconsin Rapids converting facility, are operationally integrated mills that produce paper or board as well as pulp. In our manufacturing processes, green energy is generated and used mainly in our own processes. We also supply district heating and byproducts that are used to produce biofuels.

Global sales of renewable materials

We deliver our material to more than 2,000 packaging manufacturers, commercial printers, publishers, and other customers in over 100 countries. Brand owners are key stakeholders who set the requirements on the quality, safety, printability and sustainability of the material. Our products are of high quality, hygienic and lightweight, and can replace packaging materials with a larger carbon footprint, such as fossil-based alternatives.

Sustainable value chain

After our material has been used, it can be recycled many times and made into recycled fiber board. Finally they can be used to produce energy. Our business flow and products represent a sustainable value chain.

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Region Europe

Region Europe serves the entire world with packaging materials that are manufactured in Europe. More than 60% of our sales are to packaging manufacturers within Europe, while the rest of our sales go to other geographies.

Market position

We supply fiber-based high-performing packaging materials that are designed for lighter, stronger, more durable and sustainable packaging. Our board and paper are made from 100% recyclable materials, enabling circularity for our customers.

We are a leading supplier of liquid packaging board in what is a relatively consolidated industry. We are a niche supplier of containerboard, where we offer semi-chemical fluting and coated kraftliners for applications with high performance demands for packaging. Our premium cartonboard is primarily used for luxury and consumer products and in areas such as food and beverages where our sustainability credentials are appreciated.

Within paper, we are a large manufacturer of durable and strong sack paper, which is used worldwide in applications such as cement bags. Our various kraft

papers include machine glazed (MG) and machine finished (MF) materials that are suited to applications which have high demands on pressure sensitivity, purity, flexibility and strength. Such applications include food, medical products and carrier bags.

Innovation focus

Our innovation efforts focus on barriers for food and drink packaging, smart processes and package performance. We are developing new applications for our materials to replace plastics and to enable lower environmental impact. Our product development is centered around our labs where we have the capabilities to develop prototypes, provide life cycle analysis, and simulate scenarios such as critical stacking strength and the impact of humidity over time. We collaborate with converters, brand owners, retailers, industry partners and machine suppliers in our

efforts to increase the sustainability of packaging, optimize packaging and design, and develop new applications.

Efficient production

Our products are manufactured in six production units where high-quality fiber is close at hand. Safety is our top priority. We also focus on operational stability as production is most profitable and resource efficient when machines are running at optimum speed and producing high quality products for as many hours as possible. We strive to optimize production across the mills to achieve the most cost-optimal volume and product mix.



Our board and paper are made from 100% recyclable materials, enabling circularity for our customers.



Sales by product category, %

- Liquid packaging board, 35
- Containerboard, 20
- Kraft and specialty paper, 14
- Sack paper, 11
- Cartonboard, 10
- Market pulp, 10



Sales by market channel, %

- Food and beverages, 65
- Industrial, 22
- Consumer and luxury goods, 11
- Medical & hygiene, 2

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Liquid packaging board

Billerud has been developing liquid packaging materials for 70 years, making us the world's most experienced producer of liquid packaging. Our liquid packaging board is food-safe and taint and odor neutral, which makes it ideal for the packaging of food and beverages. We supply liquid packaging board to the leading packaging producers around the world.

Billerud's position¹

- #1 Aseptic packaging, global
- #2 Liquid packaging board, global

Applications

- Milk
- Juices
- Sports drinks and other drinks
- Preserved foods such as chopped tomatoes, beans and sauces



Containerboard

Our containerboard range comprises fluting and liners for corrugated packaging. Billerud Flute® offers extreme strength and lightweighting opportunities and can prolong shelf life by as much as 50%. Our liners, which form the outer, printable layer of corrugated board, are smooth, white and bright for top color reproduction and printability.

Billerud's position¹

- #2 Semi-chemical fluting, Europe
- #3 White kraftliner, Europe

Applications

- Fruit and vegetables
- Exclusive drinks
- Beauty and healthcare products
- Confectionary
- Heavy components for the automotive industry
- White goods and electronics
- Secondary or store packaging for consumer goods



Cartonboard

Billerud's cartonboard is a strong, multi-ply board construction under the CrownBoard brand. CrownBoard allows for unique designs, excellent print quality and flexibility. It is often used for consumer and premium products where the packaging is part of the brand's image. It offers lightweighting advantages which lead to reductions in cost and environmental impact, without compromising on performance.

Billerud's position¹

- #5 Cartonboard, Europe

Applications

- Premium drinks
- Other beverages
- Cosmetics
- Confectionary
- Pharmaceutical and healthcare
- Foods



Kraft paper

Billerud's kraft paper is used when there are high demands for strength, pressure sensitivity, purity and/or flexibility, for example for the packaging of dry foods, carrier bags and medical packaging. Billerud has over 50 years of experience in producing medical kraft papers. These are safe, clean, reliable, and have protective barriers which are vital for the packaging of medical devices and supplies.

Billerud's position¹

- #2 Kraft MG paper, globally
- #6 Kraft MF paper, globally

Applications

- Dry foods such as flour, sugar and grain
- Carrier and bread bags
- Medical packaging
- Flexible and formable packaging
- Steel interleaving
- Greaseproof paper
- Release liners for hygiene products



Sack paper

Our high-quality, durable sack paper is used to make strong sacks, capable of holding, storing and transporting heavy building materials, chemicals and other products. These sacks can be filled without splitting or generating dust, which contributes to a clean and healthy work environment. Billerud's sack paper can reduce CO₂ emissions by 30% compared to plastic sacks.

Billerud's position¹

- #4 Sack paper, globally

Applications

- Cement and other building materials
- Industrial minerals
- Chemicals
- Animal feed
- Dry foods

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¹ Based on capacity, AFRY.



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➤ Region Europe – production facilities

Billerud has six production facilities in Sweden and Finland that manufacture packaging material from renewable primary fiber. All facilities are operationally integrated mills that produce board or paper as well as pulp. Total manufacturing capacity is around 3 million tons per year.



Gruvön, Sweden

The mill in Gruvön produces liners, fluting, liquid packaging board, cartonboard, sack paper and formable paper (FibreForm®), among other products. It also has a development center with expertise in packaging optimization.



Production split 2023, %

- Containerboard, 58
- Liquid packaging board, 33
- Cartonboard, 6
- Pulp, sack and kraft paper, 3

870,000
Capacity per year in tons

Around 750 employees



Gävle, Sweden

The Gävle mill manufactures liquid packaging board and white top kraftliner. Each day the plant produces material for around 200 million single-portion drink packages, which means that every fourth beverage container in the world uses liquid packaging board made by Billerud in Gävle.



Production split 2023, %

- Liquid packaging board, 83
- Containerboard, 11
- Pulp, 6

755,000
Capacity per year in tons

Around 710 employees



Frövi/Rockhammar, Sweden

The Frövi/Rockhammar production unit manufactures liquid packaging board and cartonboard. Rockhammar produces bleached and unbleached chemo-thermo-mechanical pulp (CTMP) for Frövi, where a new recovery boiler was inaugurated this year.



Production split 2023, %

- Liquid packaging board, 65
- Cartonboard, 35

500,000
Capacity per year in tons

Around 540 employees

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Region Europe – production facilities



Skärblacksa, Sweden

The Skärblacksa mill produces white machine glazed (MG) kraft paper, brown sack paper, fluting and market pulp. It also houses laboratories with expertise in barriers and sealing systems for the packaging of food and medical products.



Production split 2023, %

- Kraft paper, 38
- Sack paper, 28
- Containerboard, 22
- Pulp, 12

460,000

Capacity per year in tons

Around 630 employees



Karlsborg, Sweden

The Karlsborg mill produces sack paper, machine finished (MF) kraft paper, formable paper (FibreForm®) and market pulp. The mill also houses a Packaging Development Center, where sack paper development and product testing takes place, as well as a Pulp Lab, which focuses on chemical and mechanical pulp testing.



Production split 2023, %

- Pulp, 69
- Sack paper, 23
- Kraft paper, 8

335,000

Capacity per year in tons

Around 360 employees



Pietarsaari, Finland

The manufacturing facility in Pietarsaari mainly produces kraft paper and sack paper. It also produces advanced, high-performance paper grades for a range of technical applications such as abrasive papers, and reel and ream wrapping.



Production split 2023, %

- Kraft paper, 68
- Sack paper, 22
- Pulp, 9
- Liquid packaging board, 1

200,000

Capacity per year in tons

Around 100 employees

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Region Europe

Key figures and activities 2023

Net sales

Net sales in Region Europe amounted to SEK 27,114 million. The currency-neutral net sales decreased by 7%, mainly due to lower sales volumes and negative price and mix effects. Market conditions were weak and affected by customers' destocking for most products, except for liquid packaging board where market conditions were stable.

EBITDA

EBITDA in Region Europe declined to SEK 2,753 million, corresponding to an EBITDA margin of 10%. The lower result was primarily due to the lower revenues and higher raw material costs, which was only partly offset by positive effects from efficiency measures and currency.

Efficiency initiatives

The three-year efficiency enhancement program that was introduced in the beginning of the year, delivered substantial savings. Some initiatives that yielded positive results in 2023 were new methods to optimize pricing and supplier engagements around both savings and technical improvements. The initiatives have, for example, resulted in lower consumption of coating chemicals, as well as improved terms and new ways of working with overseas transport contracts.

Plans were also made for upcoming efficiency initiatives under this program. For example, starting in 2024 the outbound logistics structure in Europe will be rearranged and optimized with a reduced number of warehouses, more boat transports and fewer truck routes. And in our efforts to counteract elevated fiber costs, the wood sourcing organization has been expanded to source more competitively priced pulpwood.

Board production

The continued ramp-up of Gruvön's KM7 board machine, which is to be fully ramped up by the end of 2025, progressed as planned. The machine's production volumes and production stability increased during the year, while its product mix compared to 2022 was hampered by the lower demand for cartonboard. The product range on the machine has been expanded by shifting production of several board qualities from the mills in Frövi and Gävle, as we strive to optimize the product portfolio across all board machines.

New recovery boiler at Frövi

The building of a new recovery boiler in Frövi was successfully completed. This investment project, which began in the beginning of 2021 and has involved around 1.2 million work hours by 2,500

people, was delivered on time and on budget. The new recovery boiler was inaugurated and put into production in September 2023 and the operational handover from the supplier to the line organization took place in November. The new recovery boiler will enable increased energy efficiency and improved environmental performance. It ensures continued long-term and competitive production of board in Frövi, and its capacity will allow for higher pulp production in the future.

Product launches

In response to customer and consumer demand, Billerud's cold-formable Fibre-Form® paper range was expanded with unbleached, brown paper. This product is used for reusable carrier bags, plates and cup sleeve applications.

We also introduced a new MG paper, especially adapted and validated for wrapping toilet and kitchen paper rolls. This new application, with a low carbon footprint, makes it easy for brand owners to switch from plastic to paper wrapping without compromising on performance.



Key figures

SEKm	2023	2022
Net sales	27,114	27,962
of which liquid packaging board	9,369	8,591
of which containerboard	5,347	5,480
of which kraft and specialty paper	3,841	3,811
of which sack paper	2,912	3,858
of which cartonboard	2,793	3,509
of which market pulp	2,553	2,335
Operating expenses, net	-24,361	-21,792
EBITDA	2,753	6,170
<i>EBITDA margin</i>	10%	22%
Operating profit/loss	925	4,402
<i>Operating margin</i>	3%	16%
Sales volumes, ktons	2,697	2,757

27.1
Net sales in Region Europe amounted to around SEK 27.1 billion

10%
The EBITDA margin declined due to lower sales and higher input costs

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➤ Region Europe – customer cases

Moonvalley is swapping out plastic for paper



Billerud Recyclable Flow Wrap is a barrier coated paper that is fully recyclable in the regular paper recycling stream. It works on existing flow wrap packaging lines with only minor adaptations.

This innovation has enabled the sports nutrition brand Moonvalley, to switch from plastic to paper flow wraps for its popular protein bars – improving on circularity and reducing CO₂ emissions in the process.

Successful collaboration on Xpression E-com



Knowing that packaging is a key element in the e-commerce customer journey, the apparel retailer Ridestore wanted to switch away from plastics and minimize the overall amount of packaging. In a collaboration to achieve these goals, we contributed with packaging expertise, the right converting partner and a third-party life

cycle assessment, showing that bags made of our Xpression E-Com brown paper have a 23% lower CO₂ footprint than the standard solution with polyethylene (PE) bags made of recycled plastics. The collaboration was a success and Ridestore achieved an improved unboxing experience of their products.

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Region North America

Region North America serves the North American market with graphic papers, specialty papers and pulp, all produced at its two mills in Michigan. More than 95% of our sales are directed to customers in the United States.

Market position

We supply graphic papers for printed communications, specialty papers including release liner base and face stocks for label applications, and market pulp. Our products are recyclable and produced with fibers that are responsibly sourced. We have over 200 customers who are printers, publishers, converters, distribution partners, and other paper manufacturers.

Billerud is a quality, cost, and service leader in the graphic paper industry in North America. We supply a wide range of graphic papers with appealing optics and reliable performance, with the majority of our sales focused in coated freesheet (CFS) and coated groundwood (CGW). Our graphic papers are mainly used in print communication applications such as high-end catalogs, direct mail, brochures, advertising, books and magazines.

Within specialty paper, we are a leading supplier to the North American pressure sensitive labels market. With an offering of both release liner base papers and face stocks, our high strength specialty papers are engineered to perform in a variety of demanding applications such as die-cut pressure sensitive roll label applications and labels for refrigerated products.

From our Quinnesec mill, we sell Quinnesec® Hi-Maple Northern Hardwood Pulp made entirely of primary fibers, ensuring the highest strength and purity. Our market pulp is delivered in bales for further processing into consumer and industrial products.

For each of our product lines, we provide superior customer service to fully support our customer and end-user needs.

Best paper for customer needs

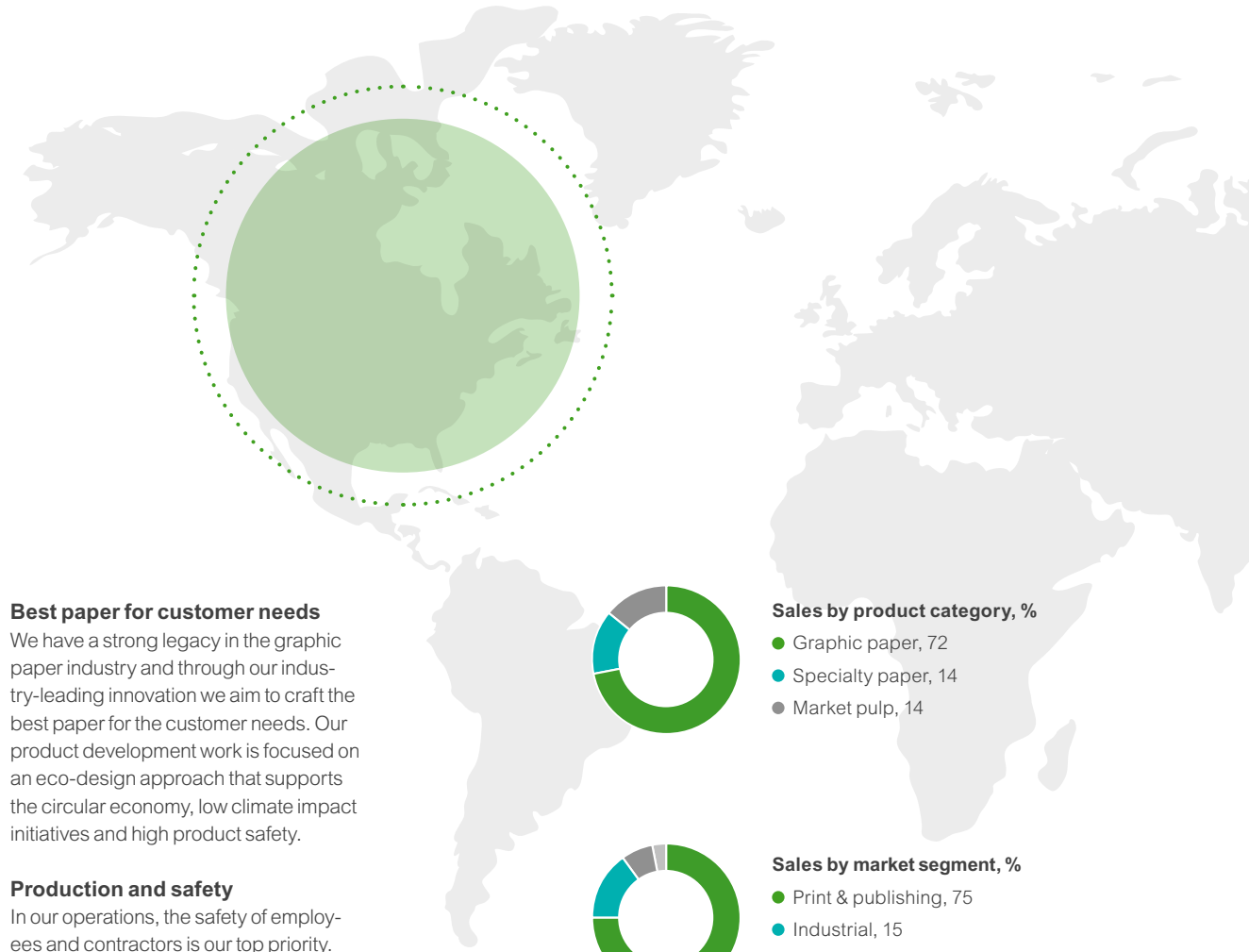
We have a strong legacy in the graphic paper industry and through our industry-leading innovation we aim to craft the best paper for the customer needs. Our product development work is focused on an eco-design approach that supports the circular economy, low climate impact initiatives and high product safety.

Production and safety

In our operations, the safety of employees and contractors is our top priority. Our products are manufactured at two cost-efficient, integrated pulp and paper mills in Michigan, which are located close to an abundant and cost-competitive supply of primary fiber.



Billerud is a quality, cost, and service leader in the graphic paper industry in North America.



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Graphic paper

Billerud produces both coated freesheet (CFS) and coated groundwood (CGW) graphic papers. We offer premium and economy sheets and rolls designed for color accuracy and optimized image reproduction. Our graphic paper is produced from responsibly-sourced fibers, with available FSC® (FSC-C014984), SFI® and PEFC chain-of-custody certifications.

Billerud's position¹

- #2 Graphic paper (CFS), North America
- #2 Graphic paper (CGW), North America

Applications

- Direct mail
- Commercial printing
- High-end catalogs
- Magazines and brochures
- Books
- Posters



Speciality paper

Our technically advanced specialty papers primarily serve label markets. We produce both face stocks and release liner base papers for pressure sensitive applications. In addition, we manufacture a multi-purpose coated one side face stock for a variety of end uses, including glue-applied labels, litho lamination, and specialty packaging.

Billerud's position¹

- #1 Pressure sensitive specialty paper, North America

Applications

- Labels
- Laminations
- Envelopes
- Book dust jackets
- Box wraps
- Specialty packaging
- Gift wrap
- Point-of-purchase displays



Market pulp

Our North American market pulp is produced at our Quinnesec mill and contains a high percentage of local maple fiber, which is ideally suited for demanding printing and writing paper grades. This pulp is also used for specialty papers and tissue.

Billerud's position¹

- #4 Northern Bleached Hardwood Kraft (NBHK) market pulp, North America

Applications

- Specialty papers
- Tissue papers
- Printing and writing paper

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¹ Based on capacity, AFRY.



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📍 Region North America – Production facilities

Billerud has two integrated pulp and paper mills in Michigan, with a total manufacturing capacity of around 1 million tons of paper and 210,000 tons of market pulp per year. We also have a converting facility in Wisconsin, where rolls of our materials are converted to sheets.



Escanaba, Michigan, US

The mill in Escanaba produces graphic papers for commercial printing and marketing applications as well as specialty papers used in label applications. Escanaba has a kraft pulp mill, a mechanical pulp mill and three paper machines.



Production split 2023, %
● Graphic paper, 75
● Specialty paper, 25

660,000

Capacity per year in tons

Around 860 employees



Quinnesec, Michigan, US

The Quinnesec mill produces hardwood kraft pulp, graphic papers, and specialty papers. Since 2001, the mill has been certified as an Occupational Safety and Health Administration Star facility under the Michigan Voluntary Protection Program, the state's highest recognition for workplace safety programs and performance.



Production split 2023, %
● Graphic paper, 55
● Pulp, 43
● Specialty paper, 2

430,000

Paper capacity and 210,000 market pulp capacity per year in tons

Around 430 employees



Wisconsin Rapids, Wisconsin, US

The Wisconsin Rapids converting facility converts rolls of graphic paper and cartonboard made at our own mills into sheets. The facility has seven state-of-the-art sheeters.

320,000

Sheeting capacity per year in tons

Around 120 employees

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Region North America

Key figures and activities 2023

Net sales

Net sales in Region North America amounted to SEK 11,511 million. The currency-neutral net sales decreased by 4%. Comparisons with the previous year are affected by the fact that no revenues were recorded in the first quarter of 2022 as Billerud acquired Verso Corporation on 31 March 2022. During 2023, revenues and sales volumes were negatively affected by weak market conditions and customers' inventory destocking.

EBITDA

EBITDA amounted to SEK 1,618 million, corresponding to an EBITDA margin of 14%. Profitability was sustained by strict cost control and market supported paper prices, despite lower operating rates as production was adjusted to meet demand. Lower pulp prices and a changed product mix with a higher share of pulp sales had a negative impact. The negative impact from scheduled maintenance shutdowns was lower during 2023 compared with 2022.

Business transformation

While the preparations for a business transformation of the Escanaba mill to make paperboard in addition to paper progressed during the year, the investment decision was postponed in the fall of 2023. We need more time to evaluate alternative scopes and proper phasings of the transformation. In the meanwhile,

we continue to increase our board sales in North America through supply from the European operations.

Investment support

In the beginning of the year, the State of Michigan passed legislation to grant Billerud investment support of up to USD 200 million in funding to support the company's investment plans to transform the Escanaba mill to paperboard production and improve its sustainability performance. The investment support is valid until 2032 and will be relative to Billerud's investments and job retention, in accordance with the approved agreements between the Michigan Strategic Fund and Billerud U.S. Production Holdings LLC.

Infectious outbreak

The Escanaba mill was idled for three weeks during the second quarter to proactively implement recommendations from health and occupational experts related to a blastomycosis outbreak at the mill. After performing deep cleaning of the mill, operations were successfully resumed. To date, no blastomyces spores have been found within the Escanaba mill. Our top priority is the health and safety of our employees and contractors. We worked closely with, and followed the recommendations of, local, state and federal health experts, who at our request, investigated this situation.

Heavy weight products

The Quinnesec mill increased its capabilities to make heavier weight products following a capital upgrade in 2022. Successful product qualifications of heavyweight sheetfed products puts the mill in a better position to meet a broader range of customer needs and provide added system flexibility.

Product development

Billerud's Sterling® Ultra product line was extended to the digital inkjet printing market. This paper has an exceptional print surface and bright, clean optics that make it best-in-class for brand collateral.

Converting activities

Our Wisconsin Rapids converting facility started to convert cartonboard during the second half of the year. Processes were also initiated to achieve certifications required for providing food-safe paperboard products. The manufacturing practices required to comply with the US Food and Drug Administration (FDA) regulations were successfully established.

New vehicle bridge

In Escanaba, a new vehicle bridge over the river to the manufacturing facilities was built. This was deemed necessary as the previous bridge was unsafe for heavy traffic. The new bridge is a first step in preparing the mill for the future, including the planned transformation program, positioning the mill for continued operations long-term.



Key figures

SEKm	2023	2022
Net sales	11,511	11,459
of which graphic paper	8,342	8,632
of which specialty paper	1,605	1,769
of which market pulp	1,564	1,059
Operating expenses, net	-9,893	-9,042
EBITDA	1,618	2,417
<i>EBITDA margin</i>	<i>14%</i>	<i>21%</i>
Operating profit/loss	808	1,861
<i>Operating margin</i>	<i>7%</i>	<i>16%</i>
Sales volumes, ktons	839	837

11.5
Net sales in Region North America amounted to around SEK 11.5 billion

14%
The EBITDA margin declined due to lower sales volumes

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➤ Region North America – case

Opportunities for value-creating business transformation



Billerud plans to convert some of its graphic paper capacity to paperboard production in the US. There are strong market fundamentals that support such a business transformation.

The North American virgin fiber cartonboard and containerboard markets are projected to grow long-term, driven by more need for packaging materials, an increased sustainability awareness among brand owners, retailers, consumers and by regulatory initiatives. Paperboard production capacities in this part of the world do not meet the increased demand for lightweight, high quality and sustainable products, which opens opportunities for profitable growth.

Extensive know-how Billerud has extensive know-how regarding the production of primary fiber board products and today exports board materials from Europe to North America. Our CrownBoard range, which includes a premium fully bleached multi-layer board, as well as a multi-layer coated unbleached kraft product, with appealing features such as lightweight and stiffness, have been well received in the US.

Increased export Billerud's exports of these products to the US are increasing, but domestic production would be advantageous for cost efficiency, service and sustainability reasons. The Escanaba mill in Michigan is perfectly situated for paperboard production. Michigan's Upper Peninsula contains an abundance of cost-competitive wood that is suitable for production of these materials. The location is also relatively close to many end users and provides good logistical opportunities.

Preparing decisions Based on these business and strategic opportunities for value creation, we carried out a pre-feasibility study about the conversion of some paper capacity to board production in Escanaba. However, given the changed economic conditions, we are responsibly evaluating alternative scopes and logical phasings of the transformation program. Meanwhile, we continue to serve our customers across our existing product portfolio, and our paperboard sales in the US are being supplied by exports from Europe.

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Strategy for sustainable and profitable growth

Our overall objective is to make high performance packaging materials for a low-carbon society. Supported by market trends and our strategic choices, we are well positioned for profitable growth.

Our long-term strategy focuses on attractive markets with good growth opportunities and product segments where we are in a strong position to compete. The strategy is implemented in the regions Europe and North America, according to our clear operating model.

In the coming years, we will put emphasis on enhancing efficiency and releasing potential throughout our operations. In terms of future capacity investments, we will prioritize board over paper, which is well aligned with market trends and our competitive advantages. Paperboard production in North America is our most important profitable growth opportunity for the next decade.

Our foremost priority remains to be the health and safety of our employees. We are continuously working on safety training and behaviors to reduce the injury rate.

High performance packaging materials

Our focus is on high performance, sustainable packaging materials, based

on the company's expertise in making strong, light, and hygienic materials of durable fibers. We are specifically targeting food and beverage packaging, where we have strong capabilities and very attractive products. We will continue to collaborate with brand owners and retailers – our customers' customers – to help them reach their goals to use more sustainable packaging and reduce waste.

Our European business has a diversified product portfolio and good long-term prospects to generate healthy profit margins. Among the materials produced in Europe, we see profitable growth opportunities especially for our high performance cartonboard and containerboard, and we strive to grow our liquid packaging board business with selected customers. We also have good potential to grow our sack paper sales within our existing manufacturing capacity, as customers look for alternatives to their plastic sack solutions. For our kraft paper portfolio, we aim to improve the mix through value-added applications.

In North America, we see market potential to grow with our paperboard offering and are planning to successively convert graphic paper capacity to board production. We are in the process of evaluating investment options for one machine conversion in the Escanaba mill, where we are targeting a more profitable production mix and added capacity. In the meantime, we are increasing our board sales volumes in North America through supplies coming from the European operations.

Leadership in sustainability

All our activities are underpinned by our ambitions for sustainability. Our materials are recyclable and support a low-carbon society. We will in 2024 set a net zero goal and a roadmap to reduce our greenhouse gas emissions according to science-based targets. In doing so, we will prioritize the climate measures that have the greatest impact. Currently, our greatest potential for improvement is to drastically reduce the Escanaba mill's fossil fuel emissions as part of the transformation project.

Objective

We make high performance packaging materials for a low-carbon society.

Main goals

Safety first. Zero lost time injuries.

Deliver sustainable profitable growth. Europe as locomotive and North America as future growth engine.

Core values

- Place the Customer in the Center
- Dare to Innovate
- Lead the Change
- Care for Each Other





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In parallel with our focus on packaging materials, we are exploring potential new business models within the area of carbon capture. We are investigating opportunities to utilize our biogenic emissions as a revenue stream without large investments, through partnerships with established players.

Strategic priorities to unlock potential

From the beginning of 2023, we are implementing an efficiency enhancement program that will be a main contributor to higher profitability in the next couple of years. It is expected to have a structural positive impact of SEK 1.5 billion by the end of 2025. This three-year program includes many initiatives across all functions in mainly the European operations, for example related to optimized portfolio pricing, intensified supplier engagement for both cost savings and technical improvements, and changes for a more efficient set-up of logistics and terminal network. It also includes group-wide staff reductions and more efficient working methods,

that will reduce costs and strengthen Billerud's long-term competitiveness.

We are becoming increasingly excellent in sourcing. To secure a cost-competitive fiber supply for our European mills we focus on entering long-term, mutually beneficial partnerships with large forest owners such as the already established partnership with forest association Viken Skog in Norway. We will also expand our field purchasing and aim to be the most attractive purchasing partner for private forest owners in Sweden. We ensure full utilization of the valuable raw material and have well-developed business collaborations with sawmills. In our own operations, we will continue to adjust recipes and methods to further raise the fiber efficiency.

Operational efficiency will remain a strategic focus even if progress has been made in this area. To maximize our production uptime, we will make targeted capital investments and use best in class processes. In Region Europe, the largest potential for improvement is

deemed to be in our board manufacturing system, where we can achieve synergies across the three mills through a simplified offering and optimized product allocation. Our latest machine investment, the KM7 board machine at the Gruvön mill, should be running at full capacity by 2025. In North America, we are in addition to focusing on overall equipment efficiency, working to improve product optionality across the mills. This will provide added flexibility to this production system.

Common ways of working

Billerud has expanded through mergers and acquisitions. Common ways of working will make us a more efficient company and a better supplier to our customers. We have therefore decided to harmonize our ways of working across business units and national borders. Over the next couple of years, we will successively introduce a global digital platform that supports agile decision-making in the entire business flow from purchasing, sales and order planning to customer deliveries and payments.



We are specifically targeting food and beverage packaging, where we have strong capabilities and very attractive products

To succeed with all our plans, we must have a committed workforce with the right skills as well as a strong performance culture in the company. Our employees are the company's most important asset. We will continue to emphasize training in skills such as change management and sustainable leadership. All training is based on our values: Place the Customer in the Center, Dare to Innovate, Lead the Change, and Care for Each Other.

Sustainability areas strategically vital for our future competitiveness



Safety first

- Safe working environment
- Stable and efficient production



Climate impact

- Minimize CO₂e emissions
- Renewable alternatives instead of fossil resources



Materials of the future

- Sustainable products
- Circularity

Read more about our sustainability platform on page 103.

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Targets and target fulfillment

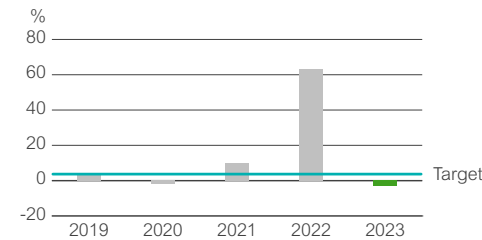
Billerud has financial targets for growth and profitability, coupled with principles governing the company's indebtedness and dividends to shareholders. Three key targets, linked to safety, the climate footprint, and recyclability of products, support our sustainability work.

Financial targets

Net sales growth

Target Outcome
3–4% **–3%**

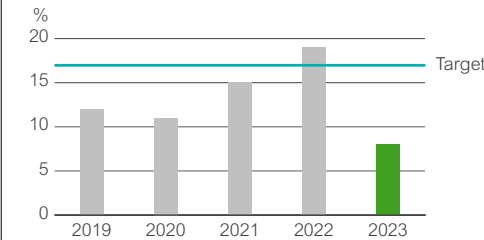
The target is for net sales to increase by 3–4% per year. The 2023 outcome was –3% so the target was not reached. Net sales excluding currency effects, the acquisition of Verso on 31 March 2022 and the divestment of Managed Packaging on 31 August 2023, declined by 7%, due to lower sales volumes and negative mix and price changes.



EBITDA margin

Target Outcome
>17% **8%**

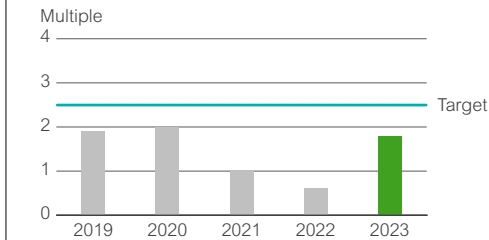
The target is an EBITDA margin above 17%. This was not achieved in 2023 as the EBITDA margin was 8%. Profit deteriorated due to lower sales and higher costs for raw materials, only partially offset by positive impact from the efficiency enhancement program and reduced negative impact of scheduled maintenance.



Interest-bearing net debt/EBITDA

Target Outcome
<2.5 **1.8**

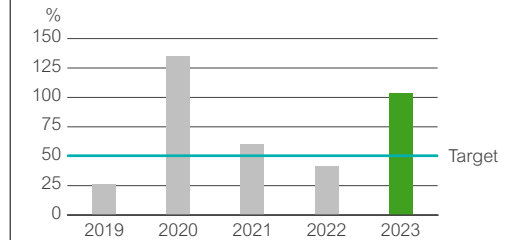
The interest-bearing net debt in relation to EBITDA should be less than 2.5. The ratio rose from a very low level in 2023, mainly because of the lower EBITDA, but also due to increased debt. At the end of 2023, the ratio was 1.8, well below the target level.



Dividend

Target Outcome
>50% **103%**

The policy is to issue a dividend to shareholders of more than 50% of the net profit. The proposed dividend for 2023 of SEK 2.00 per share is in line with this policy. The proposed dividend corresponds to 103% of the net profit and 65% of the adjusted net profit for the year.



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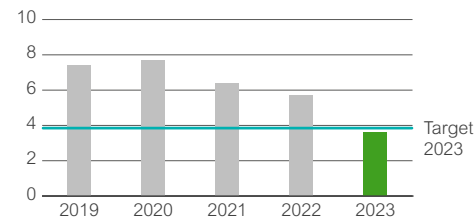
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Key sustainability targets

Workplace safety

Target	Outcome
<3.9	3.6

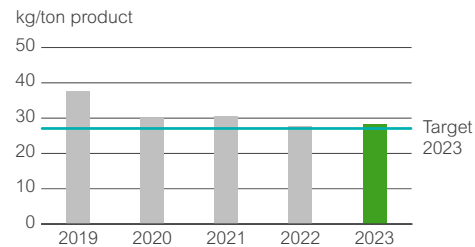
The lost time injury frequency rate (LTIFR) for Billerud's employees and contractors during 2023 was 3.6 excluding incidents due to the blastomycosis outbreak at Escanaba. The target for the year of less than 3.9 was thus reached.



Fossil CO₂ in production

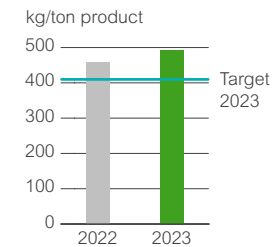
Target Region Europe	Outcome
<27	28

Emissions of fossil CO₂ in the European manufacturing process increased slightly in 2023 due to production stops because of market-related curtailments, and thus the annual target was not reached.



Target Region North America	Outcome
<410	491

Nor did the North American production reach its 2023 target. Measures for increased energy efficiency and purchases of CO₂e emission-free energy credits could not offset a negative impact of production stoppages.



Recyclability of products

100%

Billerud's paper and packaging materials are fully recyclable and produced with responsibly sourced cellulose fibers. In 2023, Billerud's European material portfolio was the first in the industry to be third-party assessed as 100% recyclable according to proposed EU legislation.

Although the recyclability of our products has long been the case, it was a goal for the year to have this established in a third-party assessment. The recyclability analysis was done through proven methods and testing by the reputable Papiertechnische Stiftung.

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The share and the shareholders

The Billerud share is quoted and traded on Nasdaq Stockholm. The company's market capitalization was around SEK 26 billion at the end of the year.

Share price performance

At the end of 2023, Billerud's share closed at the price of SEK 102.40. The share price declined by 19% in 2023. During the same period, the Stockholm stock exchange, OMXSPI, increased by 16% and the sector index OMXS Industrial Materials increased by 5%. The highest closing price for the Billerud share during the year was SEK 134.70, noted on 9 January. The lowest closing price was SEK 81.50, noted on 22 June.

on Nasdaq Stockholm was around 150 million, corresponding to a value of approximately SEK 15 billion. The average daily turnover was around 600,000 shares, corresponding to a value of around SEK 60 million. Average daily trading for Billerud on Nasdaq was about 1,900 trades.

share, with the exception of the company's own shares, entitles the holder to one vote and an equal right in the company's capital and dividend. The company has 1,059,569 own shares, corresponding to 0.4% of the total number of shares. The number of shares on the market is 248,551,853.

Share trading

Billerud's shares are traded on the Large Cap list of Nasdaq Stockholm under the symbol BILL. During 2023, the volume of Billerud shares traded

Billerud's shares are also traded on Cboe Global Markets, London Stock Exchange and other marketplaces. In total, the trading volume on all marketplaces was around 590 million in 2023.

Dividend policy and dividend

Billerud's policy states a dividend to shareholders amounting to at least 50% of the net profit. The dividend will depend on for example the company's level of profits, financial position and future development opportunities.

Ownership structure

Billerud had 101,782 shareholders on 31 December 2023. 60% of the share capital is owned by investors registered in Sweden, whereof roughly two-thirds are legal entities and one-third private individuals. The largest foreign ownership is in Austria and the US.

At year-end 2023, the five largest shareholders had a total of 42% of the shares on the market. The total holdings of the ten largest shareholders were 51% shares on the market.

Shareholder communication

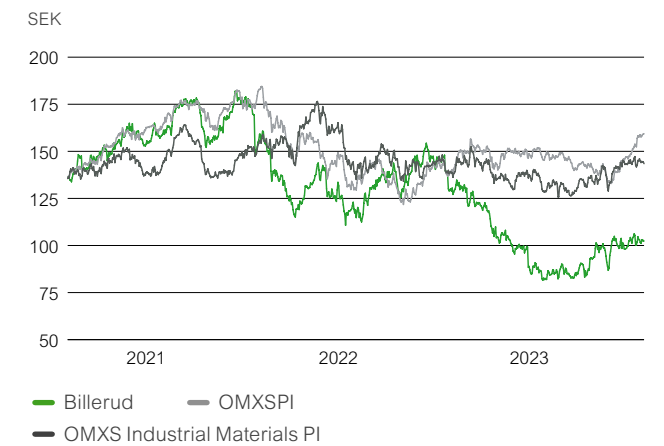
Information to investors is available at www.billerud.com/investors in the form of financial reports, financial data, performance of the Billerud share, a list of analysts that cover Billerud, and contact information.

For 2023, the Board of Directors proposes that the 2024 AGM approve a dividend of SEK 2.00 per share. The proposed dividend corresponds to 103% of the net profit for the year and 65% of the adjusted net profit.

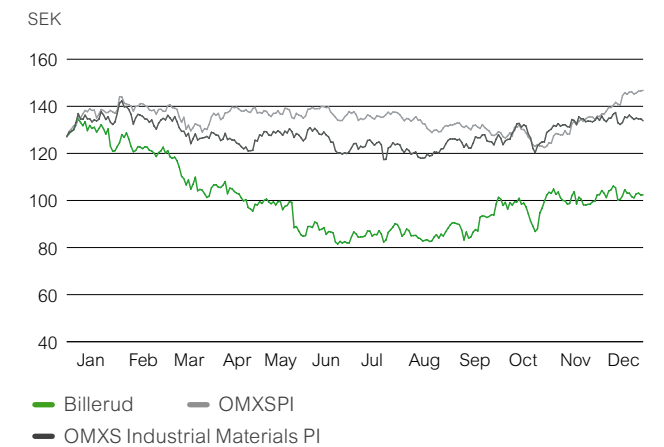
Share capital and own shares

The share capital in Billerud amounts to SEK 1,843,307,607, represented by 249,611,422 shares. Each Billerud

Share price performance 2021–2023



Share price performance 2023



3.06

Adjusted earnings per share, SEK

2.00

Dividend per share, SEK

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Shareholder structure¹

Shareholding	No. of shares	%	No. of owners	%
1-100	1,488,651	0.6	32,558	32.0
101-500	14,029,221	5.6	52,934	52.0
501-10 000	25,660,248	10.3	15,650	15.4
10 001-100 000	12,391,146	5.0	532	0.5
100 001-	175,822,164	70.4	108	0.1
Anonymous ownership	20,219,992	8.1	N/A	N/A
Total	249,611,422	100.0	101,782	100.0

¹ Including Billerud's 1,059,569 own shares.

Share capital development since 2006

Year	Event	Change in number of shares	Total number of shares	Change in share capital, SEK	Total share capital, SEK
2006	Redemption of convertible debentures	26,622	53,279,620	332,775	665,995,250
2007	Redemption of convertible debentures	63,423	53,343,043	792,788	666,788,038
2009	Rights issue	51,491,570	104,834,613	107,385,028	774,173,065
2012	Directed rights issue	34,551,592	139,386,205	255,153,438	1,029,326,503
2013	Rights issue	68,833,629	208,219,834	508,316,290	1,537,642,793
2022	Rights issue	41,391,588	249,611,422	305,664,814	1,843,307,607

Largest shareholders

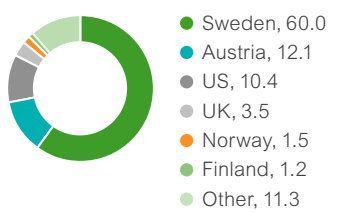
Shareholder	No. of shares	Share of votes ¹ , %
AMF Pension & Funds	39,162,853	15.8
FRAPAG Beteiligungsholding AG	30,000,000	12.1
Fourth Swedish National Pension Fund	15,780,920	6.3
Swedbank Robur Funds	11,548,371	4.6
Vanguard	8,053,400	3.2
Schroders	6,171,271	2.5
Folksam	5,259,176	2.1
Blackrock	4,640,314	1.9
Handelsbanken Funds	3,166,454	1.3
Norges Bank	3,013,464	1.2
Total	126,796,223	51.0

¹ Based on the shares on the market.

Distribution of shares

Registered number of shares	249,611,422
Repurchased shares in company ownership	-1,059,569
Shares on the market	248,551,853

Ownership by country, %



Key figures per share

SEK, unless stated otherwise	2023	2022
Earnings	1.95	20.13
Diluted earnings	1.95	20.09
Earnings, adjusted	3.06	20.36
Dividend (for each financial year), actual	2.00 ¹	7.50 ²
Dividend as % of		
– share price (dividend yield)	2.0	5.9
– net profit	103	41
– adjusted net profit	65	40
– equity (closing balance)	1.8	6.4
Cash flow from operating activities	13.25	29.95
Shareholders' equity	108.41	117.79
Diluted equity	108.35	117.60
Share price/closing balance of equity, %	94	108
P/E ratio, multiple	52.5	6.3
EV/EBITDA, multiple	9.5	4.4
Share price (closing price, last trading day)	102.40	127.10

¹ The Board of Directors proposes a dividend of SEK 2.00.
² Whereof ordinary dividend SEK 5.50 and extra dividend SEK 2.00.

External evaluations

Billerud is regularly assessed by numerous ESG rating agencies and sustainability data providers, and we strive to provide all stakeholders with a solid basis for their evaluation of our business. Here are the major assessments carried out in 2023:

Billerud received the grades B on Climate Change, B on Water Security and C on Forest in CDP's evaluation of disclosure, awareness and management of these issues.

EcoVadis – Billerud kept its Platinum grade, which means a top 1% industry ranking on how well sustainability principles are integrated into the business.

Member of Dow Jones Sustainability Indices
 Powered by the S&P Global CSA
 S&P Dow Jones Sustainability Index – Billerud was included in DJSI World as one of the 10% most sustainable companies in our industry.

ISS ESG – Billerud received a B-risk rating and Prime status which is granted to companies deemed to achieve best in class ESG performance in their sector.

MSCI – Billerud kept its AA rating in MSCI's annual ESG evaluation.

Sustainalytics – Billerud received the ESG risk rating score 14.5, corresponding to low risk.

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Directors' report

The Directors' report provides an overview of the business, its results and financial position. This part of the annual report also contains information on corporate governance and risk management.



Directors' report

The Board and CEO of Billerud AB (publ), with corporate identity number 556025–5001, herewith submit the annual report and consolidated annual accounts for the 2023 financial year. Figures for the previous year are stated in brackets.

This English version is a translation of the Swedish original.

Operations

Billerud offers high-performing paper and packaging materials made of cellulose fiber. Billerud's products are manufactured in ten production facilities in Sweden, Finland and the US. In addition to board and paper, Billerud sells fiber pulp that is not used in its own production. Billerud has sales in the entire world and its main markets are Europe and North America.

Billerud has three operating segments: Region Europe, Region North America and Solutions & Other.

Region Europe includes the products manufactured at the mills Gruvön, Gävle, Frövi/Rockhammar, Skärblacka and Karlsborg in Sweden and Pietarsaari in Finland. In these mills, Billerud produces liquid packaging board, kraft paper, containerboard, cartonboard, sack paper and market pulp. These materials are sold in Europe and the rest of the world.

Region North America includes the products manufactured at the mills in Escanaba and Quinnesec and the sheeting facility Wisconsin Rapids in the US. Billerud produces graphic paper and specialty paper as well as market pulp in this region and sells these materials in North America.

Solutions & Other included Managed Packaging, until this business unit was divested on 31 August 2023. Managed Packaging provides services to brand owners with packaging needs in Asia. This operating segment also includes wood supply operations for Region Europe, Scandfibre Logistics AB, rental operations, dormant com-

panies, idled assets, income from sale of business, items affecting comparability, Group-wide functions, Group eliminations, profit/loss from participation in associated companies as well as results from hedging of the Group's net currency flows and revaluation of accounts receivables and payments from customers. The two last mentioned are presented separately as Currency hedging etc.

Financial targets

To support Billerud's target for profitable growth and return to shareholders, the following financial targets have been established:

- Net sales growth of 3–4% per year.
- The EBITDA margin above 17%.
- The leverage policy is interest-bearing net debt in relation to EBITDA shall be below 2.5.
- The dividend policy is dividends of at least 50% of net profit.

Financial development

Net sales

Net sales for 2023 amounted to SEK 41,224 million (42,590). Compared to last year, net sales in 2023 were positively affected by currency effects and the acquisition of Verso on 31 March 2022, and negatively affected by the divestment of Managed Packaging on 31 August 2023. Net sales excluding currency effects, the acquisition of Verso and the divestment of Managed Packaging declined by 7%, mainly due to lower sales volumes and negative mix and price changes.

Sales volumes by operating segment

Ktons	2023	2022
Region Europe	2,697	2,757
Region North America	839	837
Total	3,536	3,594

Net sales by operating segment

SEKm	2023	2022
Region Europe	27,114	27,962
Region North America	11,511	11,459
Solutions & Other	2,948	3,266
Currency hedging, etc.	–349	–97
Total	41,224	42,590

Net sales by geographic market

SEKm	2023	2022
US	12,802	12,716
Germany	3,606	3,619
Sweden	3,348	4,061
China	2,584	2,309
Italy	2,218	2,180
Spain	1,741	1,831
Turkey	1,294	962
France	1,286	1,404
United Kingdom	1,278	1,552
The Netherlands	765	726
Denmark	691	612
India	683	577
Rest of Europe	3,367	3,697
Rest of World	5,561	6,344
Total	41,224	42,590

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Growth

Net sales decreased by 3% in 2023. Organic growth, measured as the increase in net sales adjusted for additions and deductions with amounts corresponding to the net sales of acquired and divested operations, amounted to -4%. Managed Packaging, which was divested on 31 August 2023, had net sales of SEK 420 million during 1 January–31 August 2023 and SEK 770 million during 2022. Region North America (Verso), which was acquired on 31 March 2022, had net sales of SEK 11,511 during 2023 and SEK 11,459 million during 1 April–31 December 2022.

SEKm	2023	2022
Net sales	41,224	42,590
Acquisition, Verso	-11,511	-11,459
Divestment, Managed Packaging	-420	-770
Net sales for comparable units	29,293	30,361

Taken into account the currency effect regarding net sales reported within the regions as well as the currency hedging effect reported in currency hedging etc., net sales in 2023 would be SEK 1,151 million lower.

Results

EBITDA decreased to SEK 3,314 million (8,167), mainly due to higher raw materials costs and lower net sales, only partially offset by positive impact from the efficiency enhancement program and reduced negative impact from scheduled maintenance.

Adjusted EBITDA amounted to SEK 3,613 million (8,219). Items affecting comparability, reported in the operating segment Solutions & Other, totaled SEK -299 million (-52) and included a total capital gain from the divestment of Managed Packaging of SEK 23 million, a cost related to impairments of shares in Paboco of SEK 52 million, a restructuring cost related to severance pay of SEK 26 million, restructuring costs related to personnel reductions of SEK 80 million, and the negative result of revaluation of biological assets in the associated company BSÖ Holding AB Group of SEK 164 million.

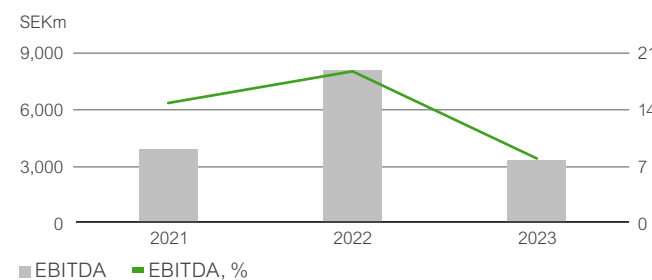
The EBITDA margin for 2023 was 8% (19) and the adjusted EBITDA margin was 9% (19).

Net financial items totaled SEK -349 million (186). The calculated tax amounted to SEK 299 million (-1,283).

Net profit for the year totaled SEK 484 million (4,590) and earnings per share was SEK 1.95 (20.13). The adjusted net profit was SEK 761 million (4,642) and the adjusted earnings per share was SEK 3.06 (20.36).

The return on equity was 2% (18) and the return on capital employed was 2% (18).

Group EBITDA and EBITDA %



Summary

	2023	2022
Net sales, SEKm	41,224	42,590
EBITDA, SEKm	3,314	8,167
EBITDA, %	8	19
Operating profit, SEKm	534	5,687
Operating margin, %	1	13
Return on capital employed, %	2	18
Profit before tax, SEKm	185	5,873
Net profit, SEKm	484	4,590
Earnings per share, SEK	1.95	20.13

EBITDA and EBITDA margin by operating segment

	2023		2022	
	SEKm	%	SEKm	%
Region Europe	2,753	10	6,170	22
Region North America	1,618	14	2,417	21
Solutions & Other	-708		-305	
Currency hedging, etc.	-349		-115	
Total	3,314	8	8,167	19

For quarterly data, see pages 146–147.

Key events 2023

In the beginning of 2023, Billerud started to implement a three-year efficiency enhancement program focusing on profitability improvements and with activities that span across functions predominantly in the European operations. The target for the program is an EBITDA uplift of SEK 1.5 billion by the end of 2025 run-rate.

On 27 January, the State of Michigan passed legislation to grant Billerud investment support of up to USD 200 million in funding to support the company's investment plans to transform the Escanaba mill to paperboard production. The investment support will be relative to Billerud's actual investments and subject to execution of the agreements between the Michigan Strategic Fund and Billerud U.S. Production Holdings LLC.

In March, Robert A. Kreizenbeck left his employment as President North America and Kevin Kuznicki was appointed new President North America & General Counsel North America. Kevin Kuznicki was previously Deputy President & General Counsel North America.

As of 1 April, Billerud implemented a new financial reporting structure based on the regions where its materials are manufactured. The three operating segments are Region Europe, Region North America and Solutions & Others. Restated comparable figures according to the new financial reporting structure were published in the interim report for the second quarter.

On 13 April, Billerud temporarily idled the Escanaba mill as a precautionary measure due to a blastomycosis outbreak since the beginning of March. After performing additional cleaning of the facilities, operations of the Escanaba mill were resumed on 8 May. Billerud's top priority is the health and safety of employees and contractors, and the company is working closely with and following recommendations of health experts.

Billerud's annual general meeting on 24 May elected Regi Aalstad as a new Board member and re-elected Jan Svensson, Victoria Van Camp, Jan Åström, Florian Heiserer and Magnus Nicolin as Board members. Jan Svensson was re-elected as Chairman of the Board. The AGM further resolved on an ordinary dividend of SEK 5.50



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per share and an extra dividend of SEK 2.00 per share for 2022, in accordance with the Board's proposal.

On 15 June, Billerud announced that the EBITDA in the second quarter was expected to be lower than the market expectations and around SEK 100–200 million. The main reasons for the lower result were significantly lower sales volumes, mainly in North America, and revaluation of finished goods inventory resulting in higher costs. An accelerated delivery of the efficiency enhancement program was also announced. The ambition for the 2023 delivery of the program was raised to an EBITDA-uplift of SEK 600 million.

Ulrika Wedberg was appointed Executive Vice President Sustainability & Public Affairs and member of the Group Management Team as of 14 August 2023. Ulrika Wedberg was previously Vice President Sustainability at Trelleborg and has experience from various leadership roles in Sandvik.

On 5 July, Billerud sold its ownership in Kezzler AS, a company with a digital platform for packaging traceability, for SEK 48 million.

On 13 July, Billerud agreed with the investment company Mimir Group about the divestment of the packaging service business Managed Packaging. The divestment of Managed Packaging was completed on 31 August and a total capital gain of SEK 23 million was reported as an item affecting comparability in the third quarter. The cash flow from the transaction was SEK –80 million due to deferred payment of purchase price and cash position in the divested business. Managed Packaging was prior to the sale included in the segment Solutions & Other.

On July 28, Christoph Michalski left Billerud and the Board of Directors appointed Ivar Vatne, the company's deputy CEO since October 2022 and its CFO since May 2019, as acting CEO of Billerud. On December 1, after carrying out a thorough recruitment process, the Board appointed Ivar Vatne as CEO and President of Billerud. Ivar Vatne, who has a professional background from senior positions at Arla, Fiskars and Procter & Gamble, entered the permanent position with immediate effect.

On August 17, Billerud introduced a new organization in accordance with its operations in the two regions Europe and North America. Matthew Hirst, who was previously Executive Vice President Commercial, was appointed President of the newly formed Region Europe. At the same time, the number of Group Management Team members was reduced and it was announced that Andrei Krés had been appointed acting CFO and member of the Group Management Team. On December 20, it was announced that Andrei Krés had been appointed CFO and assumed this position. Andrei Krés previously held several positions in Billerud, including Head of Group Treasury and Vice President Group Finance.

The new recovery boiler at Frövi, that has been under construction since 2021, was successfully put into operation during the third quarter. The new, fossil fuel-free recovery boiler will enable increased energy efficiency and improved environmental performance. Its capacity will also allow for higher pulp production in the future. The project to build and install the new recovery boiler in Frövi was completed in time and on budget.

Billerud decided to divest its ownership in the joint venture Paper Bottle Company A/S and related intellectual property to its joint venture partner Alpla. Impairment of shares in Paper Bottle Company A/S of SEK 52 million was reported as an item affecting comparability in the third quarter. The sale was completed on October 9 and had positive cash flow effect of SEK 81 million in the fourth quarter.

In the interim report for the third quarter, published on 25 October, it was stated that Billerud would not decide on the transformation program in the US by the end of 2023, as previously communicated. At the same time, it was announced that cost measures that involve personnel reductions will be implemented to improve the company's efficiency, profitability, and competitiveness. The number of positions in the Group will be reduced by up to 350. These measures are expected to generate annual structural savings of SEK 300 million with majority of the run-rate savings in 2024. Restructuring costs related to these measures of SEK 80 were recorded as an item affecting comparability in the fourth quarter.

Billerud Viken AS, the 50/50 joint venture formed by Billerud and Viken Skog AS to explore the possibilities to establish BCTMP pro-

duction in Follum, Norway, received in the fourth quarter a positive response on its application for investment support from Enova, the Norwegian state company which promotes projects that contribute to Norway meeting its climate commitments and transition to a low-emission society. Enova has granted Billerud Viken AS investment support of NOK 87 million for a sub-project with the main goal to be able to quickly reduce electric power consumption and shifting it in time when needed.

Billerud's sustainability work was recognized as the company for the fourth consecutive year received a Platinum grade in EcoVadis' annual evaluation. This means a top 1% ranking in our industry on how well sustainability principles have been integrated into the business. Billerud also retained its top position in the Dow Jones Sustainability Index DJSI World. Billerud was assessed to be among the 10% most sustainable companies in the industry, according to Standard & Poor's global corporate sustainability assessment published in December 2023.

Events after the close of the financial year

For events after the end of the period, see note 25 for the Group and note P26 for the Parent company.

Operating segments

Billerud's result is since 1 April 2023 reported in the following three operating segments in accordance with IFRS 8: Region Europe, Region North America and Solutions & Other. Comparable figures for 2022 have been restated according to this reporting structure. See note 1 for significant accounting policies.

Region Europe

Net sales for Region Europe decreased by 3% compared with 2022. Excluding currency effects, net sales decreased by 7%. The decline was mainly due to negative mix and price changes.

EBITDA decreased to SEK 2,753 million (6,170). The decline was mainly due to higher raw material costs and lower sales, which was only partly offset by positive impact from the efficiency enhancement program and currency changes. Operating profit amounted to SEK 925 million (4,402).

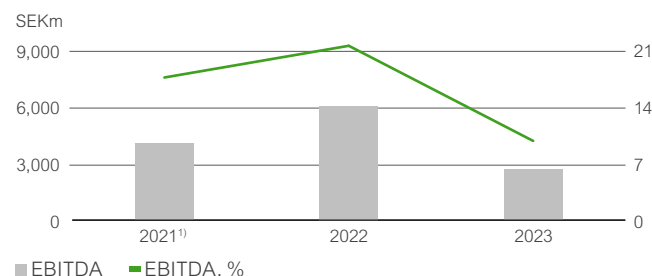
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Region Europe EBITDA and EBITDA margin



1) Region Europe corresponds to the combination of the previous operating segments Product area Board and Product area Paper.

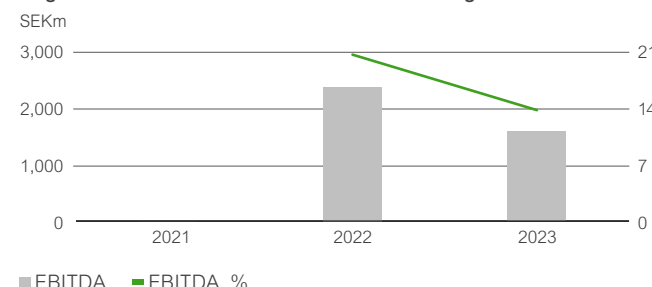
SEKm	2023	2022
Net sales	27,114	27,962
Operating expenses, net	-24,361	-21,792
EBITDA	2,753	6,170
EBITDA, %	10%	22%
Depreciation, amortization and impairment losses	-1,828	-1,768
Operating profit	925	4,402
Operating margin	3%	16%
Sales volumes, ktons	2,697	2,757

Region North America

Net sales for Region North America increased by 0% compared with 2022. Comparisons with 2022 are affected by the acquisition of Verso on 31 March 2022, which means net sales of SEK 3,311 million in the first quarter 2023 compared with no sales in the first quarter 2022. Net sales excluding currency effects decreased by 4% during 2023, mainly due to lower sales volumes as production was curtailed to meet weak demand and customers' inventory destocking.

EBITDA amounted to SEK 1,618 million (2,417). This operating segment had EBITDA of SEK 640 million in the first quarter 2023 compared with no EBITDA in the first quarter 2022. The comparison with last year is also affected by the changed maintenance schedule. The negative impact from maintenance shutdowns was SEK 152 million in 2023 and SEK 562 million in 2022. EBITDA declined mainly due to lower sales volumes, but also due to negative mix and price changes. Operating profit amounted to SEK 808 million (1,861).

Region North America EBITDA and EBITDA margin



SEKm	2023	2022
Net sales	11,511	11,459
Operating expenses, net	-9,893	-9,042
EBITDA	1,618	2,417
EBITDA, %	14%	21%
Depreciation, amortization and impairment losses	-810	-556
Operating profit	808	1,861
Operating margin	7%	16%
Sales volumes, ktons	839	837

Solutions & Other (incl. currency hedging)

Net sales decreased by 18% mainly due to lower sales within the European wood sourcing operations and the divestment of Managed Packaging on 31 August 2023. Managed Packaging had net sales of SEK 233 million during the period 1 September–31 December 2022.

EBITDA decreased to SEK -1,057 million (-420) due to items affecting comparability that totaled SEK -299 million (-52), negative effects from hedging and accounts receivables revaluation, the divestment of Managed Packaging and higher costs for Group projects. Operating profit amounted to SEK -1,199 million (-576).

SEKm	2023	2022
Net sales	2,599	3,169
Operating expenses, net	-3,656	-3,589
EBITDA	-1,057	-420
Depreciation, amortization and impairment losses	-142	-156
Operating profit	-1,199	-576

Market development

The global packaging market is expected to grow long term, driven by demographic trends with larger urban populations increasing the need for packaging as well as an increased sustainability focus. The graphic paper market is expected to decline due to the digitalization that is replacing paper applications with digital media. Billerud has strong market positions in long-term growing product segments and holds cost advantages in product segments that are expected to decline. Packaging materials for food and drinks, which is a relatively resilient market segment, accounts for around 48% of Billerud's material sales.

Market conditions were challenging during 2023. The demand for most of Billerud's product categories was weak due to customers reducing their inventories as well as lower consumption and industrial activity. The exception was liquid packaging board, where market conditions were normal. Sales prices for most of Billerud's products decreased during the year, however not for liquid packaging board and graphic paper where prices were stable. Input costs increased during the first half-year and decreased during the second half of the year.

Investments and capital employed

Investments in tangible and intangible assets amounted to SEK 3,177 million (3,330).

The project to build and install a new recovery boiler at Frövi was completed during 2023. The capital expenditures have been in line with the budgeted amount of SEK 2.6 billion. The investments were SEK 0.4 billion in 2021, SEK 1.1 billion in 2022 and SEK 1.0 billion in 2023. During 2024, an additional investment of SEK 0.1 billion is expected for the new recovery boiler.

Capital employed on 31 December 2023 totaled SEK 32,872 million (33,834). Return on capital employed (ROCE), calculated over the past 12-month period, was 2% (18). Return on equity was 2% (18).

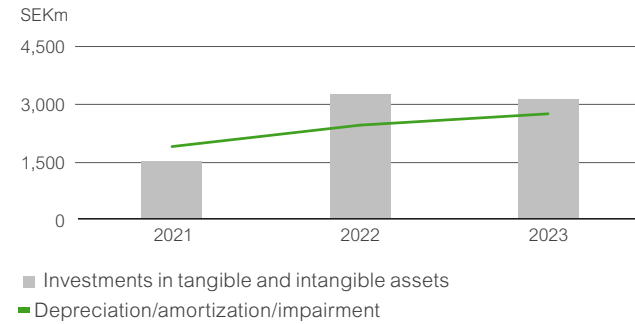
Working capital was 12% (11) in relation to net sales.

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Investments in tangible and intangible assets



Cash flow and financial position

Operating cash flow after investments in tangible and intangible assets amounted to SEK 113 million (3,499). The lower cash flow was primarily a result of reduced profit before tax.

Interest-bearing net debt on 31 December 2023 amounted to SEK 5,729 million (4,581). The net interest-bearing debt in relation to EBITDA at the end of the year was 1.8 (0.6). The net interest-bearing debt in relation to adjusted EBITDA was 1.6 (0.6).

Operating cash flow after investments in tangible and intangible assets

SEKm	2023	2022
Profit before tax	185	5,873
Adjustments for non-cash items	2,963	2,488
Tax paid	-561	-453
Change in working capital	703	-1,079
Cash flow from operating activities	3,290	6,829
Investments in tangible and intangible assets	-3,177	-3,330
Operating cash flow after investments in tangible and intangible assets	113	3,499

Financing

On 31 December 2023, interest-bearing debt amounted to SEK 7,232 million (5,023). Of the interest-bearing loans, bond loans totaled SEK 4,100 million (1,800) and other interest-bearing loans SEK 3,132 million (3,223). Of the bond loans, SEK 600 million are due in 2024, SEK 1,000 million are due in 2025, SEK 1,250 million are due in 2026 and SEK 1,250 million are due in 2028.

The syndicated credit facility with a maximum limit of SEK 5,500 million, falling due in 2028, was unutilized at year-end 2023.

Capital structure, summary

31 December	2022	2022
Capital employed, SEKm	32,872	33,834
Financing:		
Interest-bearing net debt, SEKm	5,927	4,581
Interest-bearing net debt/EBITDA, multiple	1.8	0.6
Equity, SEKm	26,945	29,254
Net debt/equity ratio, multiple	0.22	0.16

Currency hedging

The currency hedging policy is to hedge 0–80% of net flows over the next 15 months. Any deviations from the policy must be approved by the Board of Directors.

Currency hedging had a combined earnings impact of SEK -263 million for 2023 (-398), compared with if no hedging had taken place.

Billerud's outstanding foreign exchange contracts on 31 December 2023 had a market value of SEK 232 million, of which SEK 21 million is the portion of the contracts corresponding to accounts receivable that has affected earnings in 2023. Other contracts had a market value of SEK 211 million.

The hedged proportion of currency flows and the SEK exchange rates for EUR, USD and GBP on 31 December 2023 are shown in the table below.

Hedged proportions of currency flows for EUR, USD and GBP and exchange rates against SEK¹

Currency		Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Total 15 months
EUR	Share*	83%	80%	80%	79%	35%	77%
	Rate	11,03	11,34	11,69	11,69	11,15	11,44
USD	Share*	81%	81%	79%	76%	51%	76%
	Rate	10,51	10,54	10,57	10,77	10,01	10,55
GBP	Share*	71%	24%	0%	24%	0%	24%
	Rate	13,73	13,74	-	13,62	-	13,71

Market value of currency contracts	32	47	67	83	3	232
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¹ On 31 December 2023.

* Shares of net flows

Tax situation

The tax expense for 2023 was SEK -299 million (revenue) (1,283) (cost), equivalent to approximately 162% (21) of profit before tax. The low tax rate was related to US tax credits for prior years, for which deferred tax assets was revaluated and recognized. Billerud's effective tax rate is normally estimated at 21–23%.

Sustainability reporting

Sustainability is integrated in Billerud's business model and operations. The company has chosen to prepare its statutory sustainability report under Chapter 6 of the Annual Accounts Act as a separate report from the annual accounts on pages 36–40, 47–51 and 101–140 in the 2023 Annual and Sustainability Report. Billerud's sustainability report has been prepared in accordance with the Global Reporting Initiative (GRI) guidelines for sustainability reporting, GRI Standards 2021.

Governance and targets for Billerud's sustainability agenda are described in the section General disclosures on pages 101–108. Management of sustainability-related risks is part of Billerud's Enterprise Risk Management process, described in the section Risk and risk management section on pages 47–51. Billerud supports the TCFD's recommendations to provide investors and other stakeholders with information on risks related to climate change and has an approach that follows this framework. Information on climate-related risks and opportunities for Billerud can be found on pages 116–117.

The health and safety of individuals is Billerud's foremost priority. In 2023, there was a workplace accident in Frövi in which an employee died. The cause of death was exposure to hydrogen sulfide (H₂S). Billerud cooperates with the Swedish Work Environmental Authority and the Police in their ongoing investigation of the incident. In 2023, an outbreak of blastomycosis also occurred at the mill in Escanaba. A person who worked as a contractor at the mill was infected and later died. However, no direct link between the death and the outbreak of blastomycosis has been established. These tragic events underline the importance of Billerud's extensive safety work. In 2023, the number of accidents resulting in absence per million hours worked (LTIFR) for own employees and contractors in the Group was 3.6 excluding incidents due to the blastomycosis outbreak at Escanaba. This was a decrease compared to LTIFR in 2022, which was 5.7.

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Billerud has six production facilities in Sweden, three in the US and one in Finland, which affect the environment through water discharges and air emissions as well as noise and waste generation. The company consumes inputs such as pulpwood, chemicals and energy. Inbound and outbound transportation has an indirect environmental impact. All ten production facilities require permits under environmental legislation. These permits apply primarily to the production of pulp and paper, and operation of landfills and ports where applicable. Billerud has all the official permits necessary to conduct operations at the volumes produced in 2023.

Billerud's Swedish and Finnish production units have been awarded emission rights for carbon dioxide within the EU. The allocation for the five-year period that began in 2021 exceeds total projected emissions. Further information on emission rights is presented in note 9.

The EU taxonomy regulation applies to Billerud. Billerud's main economic activities, the production of paper and board materials, are not included in the current version of the taxonomy. For 2023, the company's share of turnover from products or services associated with taxonomy-aligned economic activities was 2.6% (2,4). The entire taxonomy report is presented on pages 112–115.

Product and process development

Costs for product and process development, to the extent attributable to research activities, are charged to profit in the year that they arise. In 2023, such costs accounted for approximately 0.1% (0.2) of Billerud's operating costs.

Maintenance shutdowns

In addition to ongoing maintenance during production, Billerud's production units normally also require more extensive maintenance at some time during the year. Maintenance requires the production of pulp, paper and board to stop. The main financial impact from a maintenance shutdown is comprised of volume losses arising from the shutdown and an increase in fixed costs, mainly maintenance and overtime costs, as well as a certain portion of variable costs including higher consumption of electricity and wood when production is restarted.

The effects of shutdowns on earnings vary depending on volume losses, extent of measures carried out, their nature and the actual length of the shutdown. The estimated earnings impact of a maintenance shutdown is an indicative impact of a normal shutdown performed in average market conditions, compared with a quarter during which no periodic maintenance shutdown takes place.

Billerud has changed its methodology for calculating the estimated earnings impact of maintenance shutdowns ahead of 2024. The estimated earnings impact in the table below is calculated as the sum of the fixed costs for the maintenance, increased variable costs associated with the shutdown and lower fixed cost coverage from reduced capacity utilization during the stops.

Seasonal effects

Billerud's business is to a relatively limited extent subject to seasonal fluctuations. Periodical maintenance shutdowns have the largest impact, as they involve each production unit stopping production for

around one week. The loss of production results in somewhat lower deliveries over an extended period before, during and after the shutdown. Billerud's costs are relatively stable throughout the year. Fixed costs are however slightly lower in the summer due to fewer maintenance projects and holidays. Energy costs are slightly higher in the winter because of higher energy consumption and normally higher energy prices, especially for electricity.

A considerable share of Billerud's fluting is used for packaging for exporting fruit from the Mediterranean area. Demand from this group of customers varies with the fruit export season and is usually highest in September to March. A considerable share of Billerud's sack paper is used for packaging of cement and building materials. The demand for building materials in Europe is generally higher in May to October.

The share and shareholding

On 31 December 2023, the share capital totaled SEK 1,843,307,607, represented by 249,611,422 shares (quotient value of 7.38%), of which 1,059,569 were owned by Billerud, corresponding to 0.4% of the total number of shares. The number of shares on the market was 248,551,853. Each share carries an entitlement to one vote at the annual general meeting. Transfer of shares is not restricted by law or by the company's articles of association.

During 2023 Billerud transferred 202,322 shares under the long-term incentive program resolved by the 2020 annual general meeting. No shares were repurchased during the year. The bought-back shares are held as security for conditional rights in the long-term incentive programs.

Distribution of shares

31 December	2023
Registered number of shares	249,611,422
Repurchased shares in company ownership	-1,059,569
Shares on the market	248,551,853

The two largest shareholders at year-end 2023 were AMF Pension & Funds and FRAPAG Beteiligungsholding AG. AMF Pension & Funds owned 39,162,853 shares, corresponding to 15.8% of the shares on the market, and FRAPAG Beteiligungsholding AG owned 30,000,000 shares, corresponding to 12.1% of the shares on the

Maintenance shutdowns

Production units	Estimated average earnings impact SEKm	Breakdown of earnings impact		Planned dates of maintenance shutdown		
		Region Europe	Region North America	2024	2023	2022
Gävle	~ 170	100%	0%	Q3	Q3	Q3
Gruvön	~ 140	100%	0%	Q2	Q2	Q1-Q2
Frövi	~ 80	100%	0%	Q4	Q4	Q4
Skärblacka	~ 130	100%	0%	Q2	Q2	Q2
Karlsborg	~ 90	100%	0%	Q3	Q3	Q3
Pietarsaari	~ 20	100%	0%	Q2	-	Q2
Rockhammar	~ 10	100%	0%	Q4	Q4	Q4
Escanaba	~ 110	0%	100%	Q3-Q4	Q3-Q4	Q3
Quinnesecc	~ 135	0%	100%	Q2	-	Q3

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market. No other shareholder owned 10% or more of the total number of shares on 31 December 2023.

The company knows of no agreements between shareholders that may restrict the right to transfer shares. Appointment and dismissal of Board members, and changes to the articles of association, are subject to approval by the annual general meeting. Agreements between the company and other employees that regulate their own resignation or dismissal by the company conform with normal labor market practice.

Parent company

The parent company Billerud AB includes the head office and support functions.

Operating profit for 2023 was SEK –738 million (–346). The operating result includes the effect of hedging contracts and revaluations of trade receivables.

The parent company hedges both its own and the Group's net currency flows. The parent company's earnings include the results of these hedging measures. These effects were SEK –263 million (–398) in 2023.

The parent company is responsible for the Group's financing activities, and most of the Group's external interest-bearing debt is raised by the parent company.

The average number of employees on 31 December 2023 was 164 (140). The increase was mainly due to centralization of the customer service organization to the parent company.

Cash and bank balances, and short-term investments totaled SEK 1,213 million (903).

Risk management

The Group's risks and risk management practices are presented in the risks and risk management section on page 47. Information about the Group's financial risks is presented in note 22. Specific differences concerning the parent company's risks are presented in note P23.

Proposed allocation of profit

As shown in note P17, non-restricted equity in the parent company, Billerud AB, totaled SEK 8,687 million on 31 December 2023. Billerud's Board of Directors proposes that a dividend of SEK 2.00 per share is paid to shareholders. The proposed dividend corresponds to approximately 103% of the Group's net profit.



Corporate governance in Billerud

Corporate governance relates to decision-making systems by which the shareholders, directly or indirectly, control the company. The following section provides details about corporate governance within Billerud. This report on Billerud's corporate governance in 2023 has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance.

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Corporate governance in Billerud

Examples of external regulations affecting Billerud's governance:

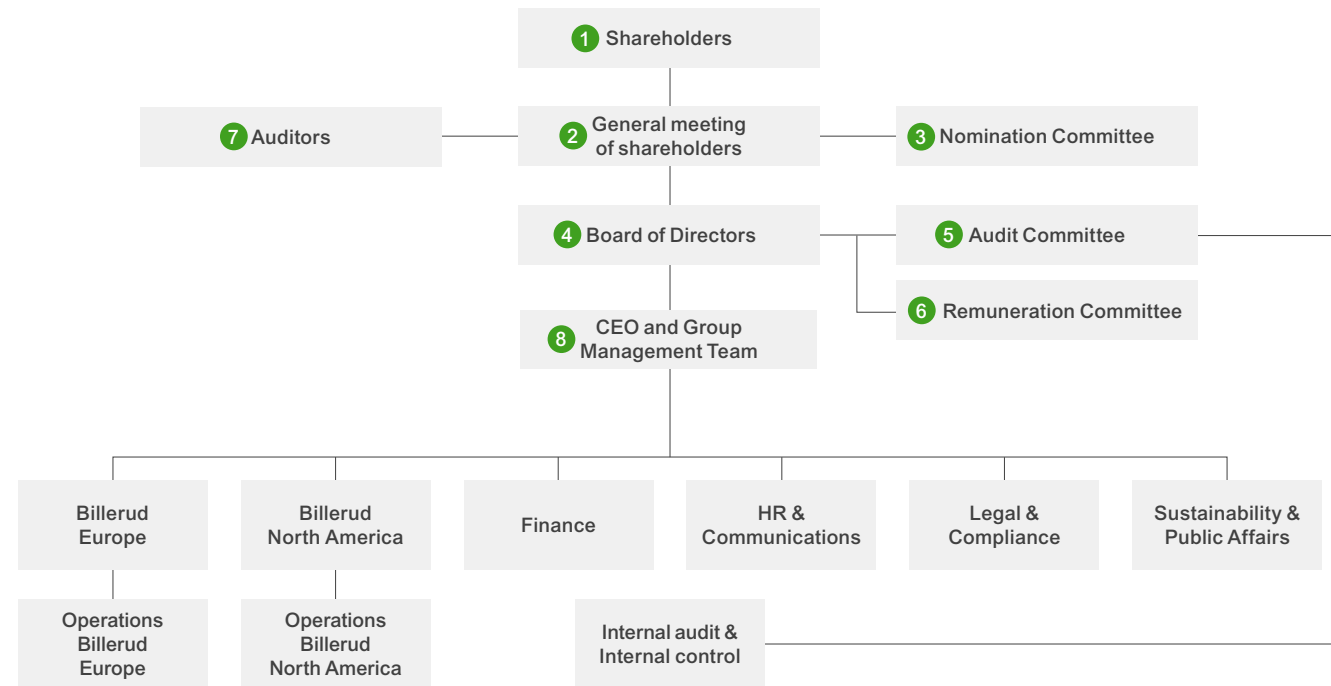
- The Swedish Companies Act
- Accounting legislation, including the Swedish Annual Accounts Act and IFRS
- Nasdaq Stockholm's Rulebook for Issuers
- The Swedish Code of Corporate Governance
- Rules on Remuneration of the Board and Executive Management

Examples of internal regulations affecting Billerud's governance:

- Articles of association
- Board of Directors' instructions and rules of procedure
- Billerud's Code of Conduct
- Billerud's internal steering documents

As a publicly traded Swedish company listed on Nasdaq Stockholm, Billerud applies the Swedish Code of Corporate Governance ('the Code'). The Code is available at www.corporategovernanceboard.se, where a description of the Swedish model for corporate governance is also available.

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. During the year, Billerud has complied with the Code, as well as with Nasdaq Stockholm's Rulebook for Issuers and with good stock market practice.



1 Shareholders

Billerud's shares are listed on Nasdaq Stockholm. At year-end 2023, the total number of shareholders was 101,782, compared with 98,475 at the previous year-end. Each share carries an entitlement to one vote. The proportion of foreign ownership was 40.0% (39.9) of the number of shares on the market. Other groups of shareholders consisted of Swedish mutual funds 24.9% (28.5), Swedish individuals including closely held companies 22.4% (20.0) and Swedish institutions and foundations 12.6% (11.6). The largest shareholder,

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AMF Pension & Funds, owned 39,162,853 shares, corresponding to 15.8% of the shares on the market. The second largest owner, FRAPAG Beteiligungsholding AG, owned 30,000,000 shares, corresponding to 12.1% of shares on the market. No other shareholder owned 10% or more of the number of shares at the end of 2023. Further details about the company's shares, shareholders, and the like are presented in the section The share and the shareholders, and on the company's website, www.billerud.com.

2 General meeting of shareholders

The general meeting of shareholders is the company's highest decision-making body. Shareholders exercise their voting rights at general meetings of shareholders. Notice of general meetings of shareholders is posted on the company's website and published as an advertisement in The Official Swedish Gazette. An announcement that the notice has been issued is published simultaneously in Svenska Dagbladet.

Normally, the annual general meeting (AGM) is held in April or May. The AGM decides on matters such as the adoption of the company's annual report, appropriation of the company's profits and the discharge of Board members 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 remuneration for the CEO and Group Management Team. Shareholders attending the AGM also have the opportunity to ask questions about the Group's activities. Resolutions passed at a meeting of shareholders are disclosed after the meeting in a press release, and the minutes of the meeting are published on the company's website.

2023 annual general meeting

The 2023 AGM took place on 24 May 2023, and addressed matters customarily dealt with at the AGM. The AGM also voted to introduce a long-term incentive program (LTIP 2023) and to authorize the Board to resolve on repurchases of the company's own shares. The minutes and other documents from the AGM are available on the company's website.

2024 annual general meeting

Billerud's 2024 AGM will take place on 21 May 2024 in Stockholm. Notice of the AGM will be made in April 2024 and will be published on the company's website www.billerud.com. Shareholders wishing

to add an item to the agenda of the AGM may, in accordance with the instructions on the company's website, propose the item to the company no later than seven weeks before the meeting.

3 Nomination Committee

The main task of the Nomination Committee is to produce proposals for Board members and auditors, for remuneration to such persons, and a proposal for a chairman for the AGM, prior to the AGM. The current Nomination Committee instructions require Billerud to have a Nomination Committee consisting of four members appointed by the company's major shareholders. Please see the table below for the composition of the Nomination Committee for the 2024 AGM. For further information about the Nomination Committee instructions, see www.billerud.com.

The Nomination Committee held several meetings prior to the 2024 annual general meeting, as well as contacts between meetings by telephone and e-mail. In accordance with instructions on the company's website, shareholders were welcome to present proposals and opinions to the Nomination Committee by e-mail or post. According to the Code, the Nomination Committee's reasoned statement concerning the Nomination Committee's proposal to the Board should include a brief description of the diversity policy which the Nomination Committee has applied in drawing up its proposal to the Board. The Nomination Committee has stated that it has applied rule 4.1 of the Code as its diversity policy. The objective is that the composition of the Board shall be appropriate, versatile and comprise a diverse set of Board members including in relation to gender, age and nationality, as well as experiences, professional backgrounds and business disciplines matching Billerud's key priorities. There is a special section on the company's website www.billerud.com under the heading "Nomination Committee" containing further information about the Nomination Committee.

Composition of and voting representation on the Nomination Committee

Representative	Shareholder	Share of votes ¹ ,%
Anders Oscarsson	AMF Pension and Funds	15.8
Michael M.F. Kaufmann	FRAPAG Beteiligungsholding AG	12.1
Thomas Wuolikainen	Fourth AP Fund	6.3
Oscar Bergman	Swedbank Robur funds	4.6

¹ On 31 December 2023.

4 Board of Directors

Composition

The articles of association stipulate that the Board of Directors of Billerud shall consist of not fewer than six members and not more than ten members, with no more than six deputies.

The 2023 AGM established that the Board of Directors should consist of six members and voted to re-elect the Board members Victoria Van Camp, Jan Svensson, Jan Åström, Florian Heiserer and Magnus Nicolin, and to elect Regi Aalstad as a new member of the Board. The annual general meeting decided to elect Jan Svensson as Chairman of the Board. The employee organizations have appointed two employee representatives to serve on the Board. These are Per Bertilsson and Nicklas Johansson, and as deputies Bo Knöös and Magnus Axelsson. Other than the employee representatives and their deputies, none of the Board members are employed by the Group. Of the Board members elected by the AGM, two are women and four are men.

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 further details about the Board of Directors and information on the independence of the Board members, their duties outside the Group and their holdings of shares in Billerud, see the section Board of Directors on pages 45–46.

Organization 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 organization of the company and management of the company's affairs, ensuring that the company's organization is structured such that accounting, 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 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 also established a number of general policies for the company's activities. They include the company's Code of Conduct, which summarizes the company's responsibilities, values and goals.



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The Board's work 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 report, as well as matters to be submitted to the AGM. At the end of the year, the Board considers the business plan for the year ahead. Every quarter, the Board reviews the Group's earnings, and interim reports are approved for publication. An inaugurating 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. At least once a year, the Board has a meeting primarily dedicated to strategy issues, and the execution of the key strategic initiatives is subsequently followed up during the year.

Conflicts of interest

The Board of Directors applies the Swedish Companies Act's rules on conflicts of interest. For example, Board members shall not participate in handling of matters that concern a) agreements made between the Board member and the company, b) agreements made between the company and a third party, if the Board member has significant interests in the matter that can conflict with the company's interests and c) agreements between the company and a legal entity that the member of the Board of Directors alone or together with other people represents, except in cases where the company's counterparty is a member of the same group. In its work, the Board shall pay particular attention to potential conflicts of interest that may arise between a Board member and the company. It is the responsibility of each Board member, before as well as during Board meetings to, as soon as possible, notify other Board members of the existence of conflict of interest that exists or is likely to exist. Billerud discloses other material assignments, including other board memberships, for both the Board of Directors and for the Group Management Team on pages 43–46. The largest shareholders are disclosed on page 27.

Work of the Board in 2023

The Board held 14 meetings in 2023, including the inaugurating meeting. For information on attendance at these meetings, see the table on next page. Before each meeting, Board members received an approved meeting agenda and written material concerning issues to be addressed at the meeting.

The Board addressed, on an ongoing basis, strategic issues relating to the company's operations and focus, follow-up of previous acquisitions and investments, new strategic investments, the company's sustainability work, risk management and other matters. An import-

ant aspect of the Board's work are the financial reports that are presented at each ordinary Board meeting. The Board also receives monthly reports on the company's financial position. At ordinary meetings, the CEO presents a detailed update on the company's business development and key performance indicators.

One of the top priorities for the Board during the year has been the preparations for a business transformation of the Escanaba mill to make paperboard in addition to paper. The Board has also been actively engaged in the challenging market conditions that have characterized 2023 and actions and activities taken in order to mitigate the negative effects of this, including the company's efficiency enhancement program. The Board has also worked on other strategically important issues, such as the company's ongoing IT harmonization project, talent and succession planning and long-term strategy to achieve sustainability goals. Furthermore, in July 2023, after due consideration, the Board took the decision to appoint Ivar Vatne as new acting President and CEO of the company, replacing former President and CEO Christoph Michalski. Subsequently, in December 2023, the Board resolved to appoint Ivar Vatne as ordinary President and CEO.

In addition to participating in the audit committee meetings, the company's auditor also participated in a Board meeting at which Board members had the opportunity to ask the auditor questions without representatives of the company's management being present.

Assessment of the Board and the CEO

Billerud has procedures 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. With regards to 2023, the Board conducted an internal assessment of its work. The purpose of the assessment is to gain an understanding of how the Board's work is conducted and what measures could be taken to make the work of the Board more effective. It also aims to gain an understanding of whether the composition of the Board is adequate with respect to the company's business and strategy, and to identify areas which may require additional capabilities within the Board or areas which should be accorded more scope and time by the Board. The results of the assessment were discussed by the Board and presented to the Nomination Committee. The Board also assessed the work of the CEO, without the CEO being present.

Board committees

The Board currently has two Board committees as part of efforts to streamline and strengthen the work of the Board on certain issues: a remuneration committee and an audit committee. The committee members are appointed for one year at a time at the inaugurating Board meeting and the work and authority of the committees are regulated by the committee instructions, which are reviewed and adopted annually. The committees primarily have a preparatory and administrative role. Issues addressed at committee meetings are documented in meeting minutes and reported at the following Board meeting, where resolutions are made as applicable.

5 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 to ensure that the company is audited in a professional, efficient and independent way. Without having an impact on the Board's other responsibilities and tasks, the audit committee has the responsibility to address important accounting issues and general taxation issues that affect the quality of the company's financial reporting. With regard to financial reporting, particular attention is to be paid to the effectiveness of the company's internal control and risk management. The audit committee is also charged with assisting in the preparation of proposals for decisions by general meetings on the 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's auditor reports directly to the audit committee and the Board on certain occasions. The committee continuously reports the results of its work, in the form of observations, recommendations and proposed resolutions and actions to the Board, which makes any decisions that result from the committee's work. The audit committee consists of Jan Åström (Chairman), Regi Aalstad and Florian Heiserer. An employee representative normally attends the meetings of the audit committee.

Work in 2023

The committee held five meetings in 2023. During the year, the committee addressed the following audit topics; review and recommendation of external audit firm, the external auditor's audit plan and results, 2023 internal audit plan and results, enterprise risk management, and internal control over financial reporting. The committee



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also reviewed Billerud's reporting structure, quarterly results, cash, financing, currency and energy hedging, tax, pension plan, sustainability, and future CSRD reporting requirements. The committee met prior to each interim report and the year-end report. These meetings addressed accounting and reporting issues related to the reports. The Chairman of the audit committee reported regularly to the Board regarding issues reported on the audit committee meetings. The Board's work on internal control related to financial reporting and enterprise risk management is summarized in the sections Internal control over financial reporting and Risks and risk management.

6 Remuneration Committee

The principal function of the remuneration committee is to prepare the Board's decisions on matters relating to remuneration principles, remuneration amounts and other remuneration related employment terms for members of the Group Management Team. The committee also monitors and evaluates programs for variable compensation to the Group Management Team. Further, the Remuneration Committee also monitors and evaluates the implementation of guidelines for remuneration to senior executives, remuneration structures and remuneration levels. More specifically, the committee's tasks include proposing a general policy on salaries, remuneration and other employment terms for Billerud's Group Management Team, making proposals to the Board about the salary and other remuneration to the CEO and, on the recommendation of the CEO, making deci-

sions on salary and other remuneration to the managers who report directly to the CEO. The remuneration committee consists of Board members Jan Svensson (Chairman) and Victoria Van Camp.

Work in 2023

The committee held four meetings in 2023. In 2023, the committee considered bonus payments with respect to 2022, outcome on LTIP 2020 and prepared a proposal for a new LTIP 2023 for the AGM. The committee decided the annual bonus objectives for the CEO and salary review for members in the Group Management Team. The committee also approved new members to the Group Management Team. The committee prepared the Remuneration Report for 2022 and Guidelines for remuneration to senior executives. The guidelines on remuneration to the CEO and other senior executives, as well as the actual figures, are contained in note 23.

7 Auditors

The company's auditors are appointed by the general meeting of shareholders. At the 2023 AGM, the audit firm KPMG AB, with principal auditor Hök Olov Forsberg, was elected as the company's auditor for the period until the end of the 2024 AGM. Hök Olov Forsberg is currently also auditor for Advania, FM Mattsson Group, LKAB Minerals and Ovako. 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's auditors met with the audit committee on five occasions and the Board, without the presence of the senior management, on one occasion in 2023.

8 CEO and Group Management Team

The company's President and Chief Executive Officer (CEO) is appointed by the Board of Directors. Ivar Vatne was appointed acting President and CEO of the company in July 2023, replacing former President and CEO Christoph Michalski. Subsequently, in December 2023, the Board resolved to appoint Ivar Vatne as ordinary President and CEO. The CEO is responsible for the ongoing management of the company's and Group's business operations in accordance with instructions and regulations established by the Board. These instructions include responsibility for financial reporting, preparation of information and input for decisions, and ensuring that agreements and other measures do not conflict with applicable legislation or regulations.

The CEO and the Group Management Team (GMT) are jointly responsible for daily operations. The CEO has appointed a GMT that is responsible for different parts of the business. The GMT consists of the CEO, CFO, EVP HR & Communications, EVP Sustainability & Public Affairs, EVP Legal & Compliance, President Billerud Europe, Deputy President Billerud Europe, President Billerud North America and Deputy President Billerud North America. For further information about the members of the GMT, see pages 43–44.

The role of the GMT 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 GMT sets targets for strategic and operational activities, allocates resources and monitors the business' earnings. The GMT is also responsible for investment planning and follow-up, acquisitions and divestments, and for preparations for Board meetings. The GMT is taking active measures to involve employees in developing the corporate strategy, culture, and to fulfil its values.

Attendance at Board meetings and committee meetings

Member	Position	Board meetings	Audit Committee meetings	Remuneration Committee meetings
Jan Svensson	Chairman	14/14		4/4
Per Bertilsson	Board member	14/14		
Florian Heiserer	Board Member	14/14	5/5	
Jan Åström	Board member	14/14	5/5	
Victoria Van Camp	Board member	14/14		4/4
Magnus Nicolin	Board member	14/14		
Niklas Johansson	Board member	13/14		
Regi Aalstad	Board member	9/9 ¹	3/3 ²	
Andrea Gisle Joosen	Board Member	5/5 ³	2/2 ⁴	
Bengt Hammar	Board Member	5/5 ⁵		

¹ Regi Aalstad joined the Board of Directors at the AGM 2023
² Regi Aalstad joined the Audit Committee after the AGM 2023
³ Andrea Gisle Joosen left the Board at the AGM 2023
⁴ Andrea Gisle Joosen left the Audit Committee after the AGM 2023
⁵ Bengt Hammar left the Board at the AGM 2023

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The CEO chairs GMT meetings and makes decisions in consultation with the other senior executives. The GMT usually meets once or twice a month to review the financial performance of the preceding month, update forecasts and plans, as well as to discuss strategic and operational activities and issues.

Organization and governance

A new operating model was put in place in mid-August, with distinct regional organizations for Europe and North America. Region Europe serves the entire world with packaging materials that are manufactured in Europe. Region North America serves the North American market with graphic papers, specialty papers and pulp, all produced at its two mills in Michigan. The new structure makes decision-making clearer, faster and more agile and it is expected to enable further synergies and value creation. Staff functions are organized in Finance, HR & Communications, Sustainability & Public Affairs and Legal & Compliance. An important element of the company's governance is the steering document framework, which ensures that governing documents in Billerud are established, implemented, applied, monitored and reviewed consistently and appropriately across the Group. The Board has adopted a specific set of eight policies that steer the company on the top level (below our Code of Conduct): Health and Safety Policy, Governance Policy, Responsible Business Policy, Sustainability Policy, Communication, Branding and Information Policy, Finance Policy, People Policy and Operations, Quality and Procurement Policy.

Guidelines for remuneration to senior executives

The 2022 AGM adopted guidelines on the remuneration of senior executives in the Group, and no change to the guidelines were made at the 2023 AGM. The guidelines state, for example, that Billerud shall be on market terms as regards compensation levels and terms of employment. The remuneration shall consist of fixed cash salary, variable cash remuneration, pension benefits and other benefits. In addition, the general meeting may resolve on long-term share and share price-related remuneration. The variable cash remuneration to the CEO and GMT members is paid based on outcomes in relation to clearly stated goals and shall amount to a maximum of 70% (150% for GMT members employed in the US) of their respective annual fixed cash salary. The pension premiums for defined contribution pension shall amount to a maximum of 35% of the annual fixed cash salary. Other benefits may include, for example, life insurance, medical insurance and company car. In the event of termination of an employment, a notice period of up to twelve months is normally

applied and a right to severance pay corresponding to a maximum of the fixed cash salary for one year if the employment is terminated by Billerud. When termination is made by a GMT member, the notice period may not exceed six months, without any right to severance pay.

For the complete resolution on principles for remuneration for 2023, see note 23. The only change in the Board of Directors' proposal for guidelines in 2024 compared to the current guidelines is that the possibility to offer cash based long-term incentive programs to GMT members employed in the US has been removed.

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Internal control over financial reporting

Internal control over financial reporting is designed to manage risks and ensure a high level of reliability in the processes relating to the preparation of financial reports and to ensure that applicable accounting requirements and other requirements of Billerud as a publicly listed company are fulfilled.

Financial reporting

The Board is ultimately responsible for the internal control over financial reporting. Responsibility for maintaining an effective control environment is delegated to the CEO, who is responsible for ensuring that a process and organizational structure are in place to ensure the internal control and quality of financial reporting. Specifically, for financial reporting, the Board has established an Audit Committee that assists the Board regarding relevant guidelines, policies and significant reporting principles.

Billerud's internal control work is based on the internal control principles developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). These principles consist of the following five components:

1. Control environment
2. Risk assessments
3. Control activities
4. Information and communication
5. Monitoring

1 Control environment

Control environment encompasses matters such as how targets are set, how valuations are monitored and how risks are managed. A good control environment is based on an organizational structure with clear decision-making paths and a corporate culture with shared values and an awareness among individuals of their role in maintaining good internal control. For the Board of Directors, the CEO and all Billerud's employees, there are steering documents aimed at ensuring clear roles and responsibilities to aid the effective and efficient management of risks identified within the business. The Audit Committee's main role is to contribute to a good standard of financial reporting and ensure that the company is audited in a professional, efficient, and independent way. The work of the Audit Committee is described in more detail on page 38.

The Group Management Team reports regularly to the Board based on predetermined procedures. The Audit Committee also reports to the Board. The Group Management Team is responsible for ensuring that essential internal controls are implemented as necessary to

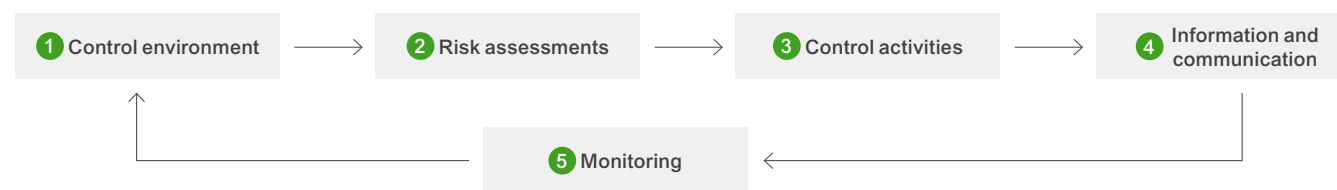
manage significant risks in daily activities. This includes Group-wide steering documents to enable individual employees to understand their role in maintaining adequate internal control. Examples are a Code of Conduct, Governance Policy, and Finance Policy. Billerud's shared service center ensures effective and uniform management of financial processes through uniform procedures and control systems and ensures the necessary documentation is created. This documentation is updated annually or as necessary to reflect changes to processes and ensure that applicable laws and regulations are followed.

2 3 Risk assessments and control activities

Risk assessments are made regularly to identify risks that may arise within Billerud if the internal controls in the financial processes are not effective. Billerud's Enterprise Risk Management (ERM) process is further described in the Risks and risk management section on pages 47–51. Risks relating to financial reporting, including risk for errors in the financial reporting, are included in the ERM process.

Control activities aim to prevent, detect, and correct errors and deviations in financial reporting at each time of reporting. The company's control activities are part of these accounting and financial reporting processes and include authorization procedures, bank and account reconciliation, earnings analysis, automated and manual controls, and the division of administrative and implementing units.

The company has an internal control function whose purpose is to ensure good internal control and quality in financial reporting. This function implements processes and regulations that ensure the internal control and quality of financial reporting. The internal control function works to ensure that steering documents are complied with, which is the basis for effective control activities within the main financial reporting processes. As part of the internal control work, a self-assessment is performed for internal controls which means that the person responsible for control in each case assesses effectiveness in their controls. Improvement measures are introduced according to a plan which is prepared with the internal control function. The measures are then followed up during the coming financial year, when a new self-assessment is carried out. The results of this work are included in the annual reporting of the internal control function to the Audit Committee, which in turn reports to the Board of Directors. The internal control function therefore constitutes an



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Internal control over financial reporting

important tool in the Board's monitoring of internal controls relating to financial reporting.

The company has an Enterprise Risk Management (ERM) process in place as well as a process for loss prevention and group-wide insurance programs. Within ERM, material risks of errors in financial reporting are continuously identified and adequate controls are in place.

Material risks are reported to the Board of Directors.

For information regarding financial risks and important items subject to appraisal and assessment, see the section Risks and risk management and note 22.

4 Information and communication

Material governing documents that are of significance to financial reporting are available on Billerud's intranet and management system. Relevant employees are regularly informed of amendments and updates to these documents.

The Group's policy framework is monitored continuously and was developed during the year to ensure completeness and uniformity on formulation, ownership, and responsibility for updates reviewed annually. The Board has adopted eight policies. Directives have been updated and aligned to the Group common policies and the work to align processes and procedures.

Both formal and informal information channels carry important information from staff to the Group Management Team and the Board. For example, Billerud has a whistleblower function, through which employees and external parties can report suspected irregularities anonymously. The reporting includes an option of anonymous dialogue between the person reporting and the person receiving reports. The channel is known as "The Speak-Up Line".

There is a Communication and Information policy for external communication to ensure that Billerud meets strict requirements on accurate information for financial markets.

5 Monitoring

The Audit Committee carries out preparatory work prior to the Board's assessment of the information submitted by the Group Management Team and the company's auditors. The Audit Committee's tasks also include ensuring, on behalf of the Board, that actions are taken concerning the deficiencies and proposed actions identified in the external audit, internal audit, and by the internal control function. See the Corporate Governance in Billerud section for further information about the Audit Committee and its work.

Internal audit

The internal audit function reports functionally to the chairman of the Audit Committee. This independent, objective function assists Billerud in accomplishing its strategic objectives by bringing a systematic, disciplined and risk-based approach to evaluate and contribute to the effectiveness of Billerud's governance, risk management and internal control.



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Group Management Team



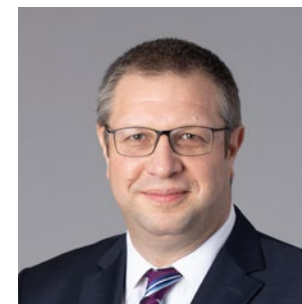
Ivar Vatne
President and CEO
Education: MSc in Economics, Norwegian School of Economics and Business Administration (NHH).
Year employed: 2019
Year born: 1978
Other assignments: –
Background: CFO Billerud, CFO Arla Foods UK Ltd, CFO Arla Foods AB, Vice President Finance Europe Region Fiskars. Various positions in Procter & Gamble (P&G) for ten years.
Shareholding¹: 18,509



Andrei Krés
CFO
Education: MSc Finance, Lund University.
Year employed: 2011
Year born: 1986
Other assignments: –
Background: Vice President Group Finance, Treasury Director, Investor Relations Manager, Business Controller, Billerud.
Shareholding¹: 4,092



Paulina Ekvall
Executive Vice President Human Resources and Communication
Education: Bachelor in HR Management/Labor law, Lund University.
Year employed: 2017
Year born: 1968
Other assignments: –
Background: Sr Dir HR Arla Foods AB, VP HR Unilever Nordics, HR Director Nordics Johnson & Johnson Consumer, HR Director Pfizer Health AB.
Shareholding¹: 12,881



Matthew Hirst
President Billerud Europe
Education: Bachelor in Sports Science and Recreation Management, Loughborough University. Masters in Management, Durham University.
Year employed: 2021
Year born: 1977
Other assignments: –
Background: Executive Vice President Commercial and Sustainability, Executive Vice President Commercial, Billerud. Vice President Category Professional Hygiene, Essity. Global Brand Director, Essity. Various sales and marketing roles, Essity.
Shareholding¹: 3,924



Tor Lundqvist
Deputy President, SVP Operations, Billerud North America
Education: MSc. Royal Institute of Technology, Stockholm.
Year employed: 2010
Year born: 1971
Other assignments: –
Background: Executive Vice President Operations, Billerud. Business Unit Director Division Solutions, BillerudKorsnäs. Mill Director Skärblacka mill, BillerudKorsnäs. Managing Director Hylte mill, Stora Enso.
Shareholding¹: 15,507

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¹ Shareholding, own and closely related parties, as per 1 March 2024.



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Group Management Team



Andreas Mattsson

Executive Vice President Legal and Compliance

Education: Master of Law, Lund University.

Year employed: 2013

Year born: 1978

Other assignments: –

Background: Senior Associate, Cederquist, International Visiting Attorney, Skadden Arps.

Shareholding¹: 8,514



Kevin Kuznicki

President Billerud North America

Education: Bachelor of Political Science, Minor Business, Indiana University; Juris Doctor, Indiana University School of Law.

Year employed: 2022

Year born: 1961

Other assignments: –

Background: Deputy President, General Counsel, Billerud North America; SVP, General Counsel & Secretary, Verso Corporation; SVP, General Counsel & Secretary, Jason Industries, Inc.; VP & Deputy General Counsel, Adient Plc; VP & General Counsel, Europe & Africa (Commercial Transactions) & Vice President General Counsel (Original Equipment - Global), Johnson Controls, Inc.; Associate General Counsel, Corporate Secretary, Carrier Access Corporation; Associate General Counsel, Voyant Technologies/Polycom, Inc; Assistant General Counsel & Assistant Vice President, The Signature Group; Counsel, Mutual Security Life Insurance Company.

Shareholding¹: 3,367



Ulrika Wedberg

Executive Vice President Sustainability and Public Affairs

Education: Law Post Graduate Universität Regensburg, Master of Law, Uppsala University.

Year employed: 2023

Year born: 1967

Other assignments: –

Background: Vice President Sustainability Trelleborg AB, Head of Sustainable Business Sandvik AB, President Wolfram Bergbau und Huetten AG, Austria, Head of M&A Sandvik Machining Solutions AB, Legal Adviser Sandvik AB.

Shareholding¹: 1,417

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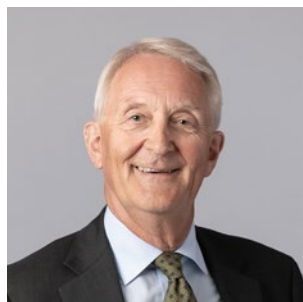
¹ Shareholding, own and closely related parties, as per 1 March 2024.



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Board of Directors



Jan Svensson
Chairman of the Board since 2021, Chairman of the Remuneration Committee
Education: MSc in Business Administration and Economics, Stockholm School of Economics.
Year born: 1956
Other assignments: Chairman of the Board of Securitas AB, Fagerhult AB and Nobia AB. Board member in Herenco Holding AB.
Background: CEO of Investment AB Latour (2003-2019), CEO of AB Sigfrid Stenberg (1986-2002).
Shareholding¹: 30,200
Independent/Not independent: Independent of the company and management, independent of the company's major shareholders.



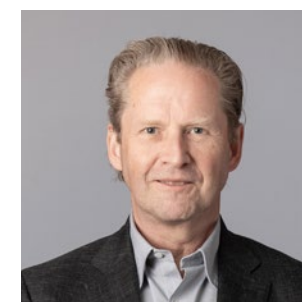
Jan Åström
Board member since 2018, Chairman of the Audit Committee
Education: MSc in Chemical Engineering, Royal Institute of Technology, Stockholm.
Year born: 1956
Other assignments: Chairman of the Board of Bergvik Skog Öst AB. Member of the Board of ECO Development AB. Chairman of the foundation Central Fund for Employees in Forestry and the Forest Industry, as well as Chairman of the Swedish Wrestling Federation.
Background: President and CEO of Ahlstrom Munksjö Oyj, SCA AB, Modo Paper AB. Head of Business Group for SCA Fine Paper and Head of SCA Packaging Munksund.
Shareholding¹: 12,133
Independent/Not independent: Independent of the company and management, independent of the company's major shareholders.



Florian Heiserer
Board member since 2022, member of the Audit Committee
Education: Master in Business Administration, Vienna University of Economics and Business Degree in Biomedical Engineering, TGM College of Electronics, Vienna.
Year born: 1981
Other assignments: CFO of HKW Group, Executive Board Member of FRAPAG Beteiligungsholding AG, Board Member of HKW Privatstiftung, MIKA Privatstiftung, FRAPAG America Inc.
Background: Managing Director of Buy-Out Central Europe II Beteiligungs-Invest AG, Board Member of BillerudKorsnäs Venture AB, Supervisory Board Member of Atterbury S.A., Alternapak Holding B.V., Chemson Polymer-Additive AG, Buy-Out Central Europe II Beteiligungs-Invest AG.
Shareholding¹: 30,002,000 (including 30,000,000 shares held by FRAPAG Beteiligungs-holding AG)
Independent/Not independent: Independent of the company and management, not independent of the company's major shareholders.



Victoria van Camp
Board member since 2017, member of the Remuneration Committee
Education: MSc in mechanical engineering and doctorate in machine elements, Luleå University of Technology.
Year born: 1966
Other assignments: Board member SR Energy AB, LumenRadio AB, AssaAbloy AB and The Chalmers Foundation. Senior adviser Siemens Digital Industries AB.
Background: Board member VBG Group AB and PREERA. CTO and President, Technology, AB SKF. Director of Industrial Market Technology & Solutions, Director of Product Innovation Lubrication BU and several other positions in SKF Group.
Shareholding¹: 4,041
Independent/Not independent: Independent of the company and management, independent of the company's major shareholders.



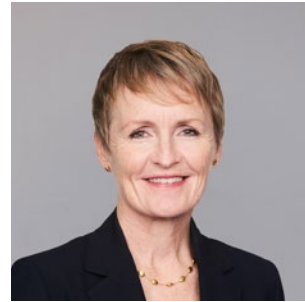
Magnus Nicolin
Board member since 2022
Education: MBA Wharton – University of Pennsylvania, BSc Stockholm School of Economics.
Year born: 1956
Other assignments: Non Executive Director FAM AB, Chairman of the Board of Munters.
Background: CEO of Ansell Limited, President, Europe, Middle East, Africa and Asia Pacific of Newell Rubbermaid Inc., CEO of Esselte Business Systems Inc. Senior positions in Bayer AG, Pitney Bowes Inc. and McKinsey & Company. Advisor to several Private Equity firms and Board assignments with multiple global boards, such as Ansell, Esselte, Isaberg-Rapid and Primix.
Shareholding¹: 12,000
Independent/Not independent: Independent of the company and management, independent of the company's major shareholders.

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¹ Shareholding, own and closely related parties, as per 1 March 2024.



Board of Directors



Regi Aalstad

Board member since 2023, member of the Audit Committee

Education: Bachelor of Business Administration, Florida Atlantic University. MBA in International Business, University of Michigan.

Year born: 1964

Other assignments: Board member of McBride Plc, Plair SA and Gmelius SA. Advisor within leadership development and Private Equity.

Background: Several years of experience in senior positions at the FMCG company Procter & Gamble (P&G), both in the Nordics and internationally, including the role as General Manager and Vice President Europe, Asia and CEEMEA within Paper and Hygiene. Board positions in several global companies, such as Ontex, Telenor and Geberit.

Shareholding¹: –

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



Nicklas Johansson

Board member since 2017, employee representative Swedish Paper Workers Union

Education: Upper secondary school qualification in economics, Higher Vocational Education in Paper and Pulp.

Year born: 1968

Other assignments: Chair, Swedish Paper Workers Union local branch 165.

Shareholding¹: –



Bo Knöös

Deputy Board member since 2017, employee representative Swedish Paper Workers Union

Education: Paper technology, Karlstad University

Year born: 1964

Other assignments: Chairman, Swedish Paper Workers Union local branch 96.

Shareholding¹: –



Per Bertilsson

Board member since 2021, employee representative PTK, co-opted member of the Audit Committee

Education: Four-year technical engineering education in Örebro. Higher Vocational Education in Paper and Pulp Technology at the Swedish forest industry center. Various industry-specific engineering courses.

Year born: 1962

Other assignments: Senior Process engineer Pulp mill staff/management. Billerud Skog & Industri AB, Frövi/Rockhammar. Chair of Unionen branch Billerud Frövi and Rockhammar. Board member of SIRIUS, Swedish forest industry council for industrial development in collaboration with Industriarbetsgivarna. Board member of Frövifors board mill's museum foundation.

Shareholding¹: –



Magnus Axelsson

Deputy Board member since 2022, employee representative PTK

Education: Four-year technical engineering education.

Year born: 1971

Background: Operational Developer Gävle mill, former operator and group manager. Chairman of Ledarna Gävle. Board member of Ledarna STI. Board member Ekmanska stiftelsen. Various local union assignments.

Shareholding¹: 120

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¹ Shareholding, own and closely related parties, as per 1 March 2024.



Risks and risk management

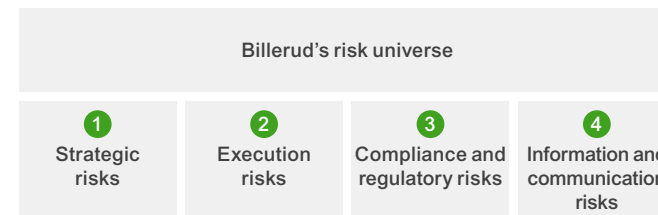
Billerud recognizes that in all operations and activities, there are uncertainties that could have a positive or negative effect on the ability to reach goals and strategic objectives. If the organization possesses the ability to map, monitor, and mitigate known risks and has the capacity to identify unknown risks, it will lead to a more efficient execution of the strategy. Risk management based on clear risk and process ownership, combined with risk identification, assessment, prioritization, and risk response in terms of risk mitigations and monitoring, will enable the organization to fulfil its goals.

Billerud's risk management is aligned with the governance model presented on page 41 and represented as part of the second line of responsibility. The Enterprise Risk Management (ERM) framework is supported by a risk register and a risk assessment process in which risk is rated according to likelihood and impact. According to the ERM-framework, each business unit provides input to risk maps showing how risk mitigation actions are prioritized. Risk monitoring and progress on risk mitigations is monitored throughout the year and reported to the Group Management Team (GMT) and the Audit Committee. The current ERM framework focuses more sharply on strategic risks to improve alignment with Group strategic objectives and initiatives.

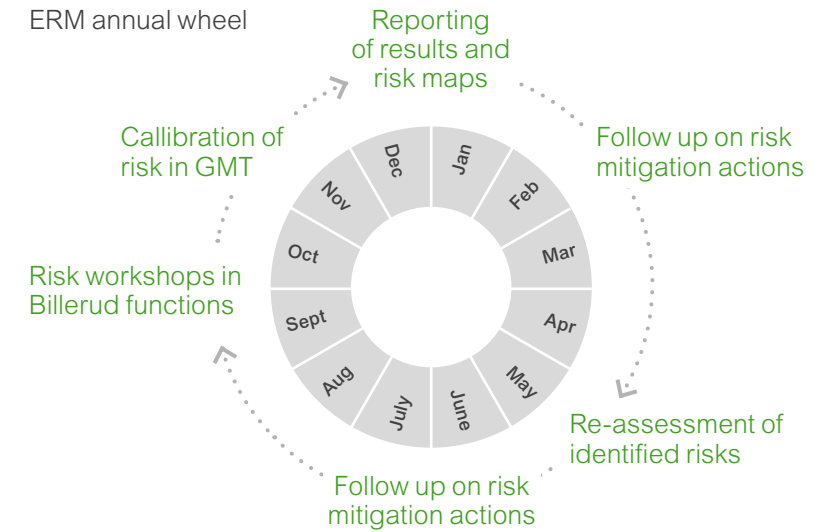
With the ERM framework as a common reference point and given the changing financial and geopolitical risks, the risk registers for the North American- and the European operations were mapped to create a common risk matrix. The common risk register was updated and recalibrated, with each Group function represented in the GMT as risk owners and by their specialists for dedicated areas, to agree on risk definitions, and assess the risks in terms of likelihood and impact. The aggregated results have been calibrated to settle on prioritized risks and mitigation actions. The results have also been presented to the Audit Committee and Board of Directors.

Risk universe

The ERM framework is founded on a risk universe that could impact Billerud's ability to achieve the established strategy and operational objectives, including financial targets. The risks to which Billerud is exposed are grouped into four main categories: strategic risks, execution risks, compliance and regulatory risks, and information and communication risks. Each main category has sub-categories with defined underlying risks. Sustainability risks are integrated in all main categories and subcategories. Risks are mapped and assessed in relation to strategic and other objectives, including financial targets. Risk ownership is identified for each risk in the risk universe.



ERM annual wheel



1 Strategic risks

Strategic risks are risks that could impact Billerud's ability to achieve strategic objectives, including financial targets. They are assessed top-down by the GMT, and strategic risk maps are used for evaluating the Group's options and strategic position. Strategic risks include risks related to political initiatives and regulations that could impact Billerud's business model, reputational risks, business risks, risks relating to the economic outlook, market and sales. Strategic risks also include external risks such as climate change, cybercrime and security.

The strategic risks in focus during 2023 included the preparations for a transformation of the Escanaba mill to manufacture paper-board in addition to paper, the continued plans to start bleached chemi-thermomechanical pulp (BCTMP) production in a joint venture with Viken Skog AS, and a harmonization project.

Billerud created a governance structure to support the preparations for the transformation in the US. The plans to establish BCTMP production in a joint venture with Viken Skog AS in Norway proceeded in 2023 and the feasibility study was completed. Until the emission permit from the Norwegian Environmental Agency is obtained, the

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work continues planning the implementation phase to ensure a good implementation of the project. The aim with the harmonization project is to work as One Billerud based on harmonized processes and reliable data. Step by step over the coming years, a global platform that is automated, standardized and modernized is planned to be rolled out.

Political initiatives, laws and regulations

Billerud's business is affected by various political decisions and legislative measures, for example in the areas of forestry, environmental policy and regulations, trade policy, transport policy, energy policy and recycling issues. A patchwork of different requirements that affects the forest and packaging industry is evolving at international and national levels. There are risks related to legislators' unfamiliarity with the industry and the implications of proposed legislation on the industry, resulting in increased operating costs. An example of this is the new 95% fossil free level for the EU Emission Trading Scheme (EU ETS), which could imply that Billerud loses free allocation of emission rights from 2026 in Europe.

As part of the European Green Deal and the new circular economy action plan, the European Commission proposed a Packaging and Packaging Waste Regulation (PPWR) in 2022. The aim with PPWR is to tackle the increase in packaging waste generated in the EU, while harmonising the internal market for packaging and stimulate a circular economy. All packaging placed on the market shall be recyclable and recycled at scale. Reusable packaging is promoted in PPWR. The Council presidency and the European Parliament's representatives have reached a provisional political agreement on the PPWR and it is pending the formal adoption by both institutions. This is expected to be done in April 2024.

Billerud's products are recyclable, and we are working together with our customers to find packaging solutions which can be recycled in a circular economy. However, there can be reuse targets that will affect some of our customers' packaging solutions. A reuse target for beverage containers will likely affect the growth of the liquid packaging board market. The scale of impact will depend on the types of beverages affected and possibilities to make exemptions. Irrespective of this, the beverage containers will have to be recyclable and recycled at scale.

Billerud's Sustainability and Public Affairs department monitors political and legislative developments and identifies issues of particular significance to Billerud and its value chain partners. The dialogue with decision makers often takes place in coordination with industry associations such as the Swedish Forest Industries Federation or the two Brussels-based industry associations, CEPI and ACE. Billerud also participates in network collaborations such as GRACE, EXTR: ACT and 4Evergreen, with the aim of accelerating the development of technologies and new processes to enhance sustainability and the circularity of fiber-based packaging.

The expansion to North America brings added risks from regional political decisions and legislative measures. Billerud's North American team monitors political and legislative developments and engages in dialogue with decision makers directly and through trade groups.

Economic outlook and price/demand fluctuation

Demand for Billerud's product offering is affected by factors such as market trends and the development of innovative technology and products that may lead to a greater or lesser demand for packaging paper, board and graphic and specialty paper. Competition related to the product offering, as well as the development of production capacity and its impact on the balance between supply and demand, may also affect Billerud's business model.

To mitigate these risks, Billerud monitors the competitive landscape and business risks and evaluates impacts from a strategic point of view. Led by the Group Management Team, it has established close cooperation between functions. The risk of unforeseen economic downturns and recession impacting our delivery strategy has been mitigated through the establishment of a commercial playbook. The playbook's purpose is to address potential commercial risks and threats in a proactive matter. Scenarios will always differ from reality, but by stringently monitoring triggers and having clearly defined mitigating actions we will be better equipped to act and make unbiased decisions.

A severe economic downturn could have a negative impact on consumer markets and industrial production and consequently on demand for Billerud's products and services. Political initiatives, policies and restrictions for international trade can also affect which markets Billerud operates in.

Billerud's market exposure has become more balanced with the expansion into North America where trade barriers are lower risk given the paper product market is primarily within North America. Additionally, the US government has implemented countervailing duties, typically renewed for four or five years, on certain product imports that effectively prohibit imports from certain countries. Change to or reversal of these duties could increase risk for imported products.

Competition and customer concentration

Market and sales risks are related to market trends, the customer portfolio and competition. One risk that is constantly present is increased competition in Billerud's existing markets. This can involve existing market players acting more aggressively than in the past, for example as a result of expanded capacity, or new players entering the market. Billerud works continuously to establish new customer relationships and increased market presence in order to balance the customer concentration.

Climate Change

Climate change and climate policy will increasingly affect Billerud over the coming decades. With increased global warming, Billerud will be subject to physical climate-related risks, such as flooding, water shortages or other disruptions. Transitional risks are long-term structural changes that will require Billerud to adapt its strategy and operations to address climate change.

Billerud's Sustainability and Public Affairs function is responsible for identifying climate-related risks, both transitional risks and physical risks, as well as climate-related opportunities and informing the GMT and/or the Board of Directors of issues that may have a short or long-term impact on Billerud. Short-term risk identification and mitigation related to physical climate risks are primarily managed by Operations. Transitional risks are mainly related to policy changes and managed as such. More information on climate-related risks and opportunities can be found on pages 116–117.

Geopolitical – energy, wood, and fiber availability in Europe

It is important to emphasize that the world economy may be affected by the level of the global conflicts we are witnessing such as Russia's war in Ukraine, the war between Israel and Hamas and China's attitude towards Taiwan. The outcome of this year's US presidential elections can also create increased geopolitical and

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macroeconomic uncertainty and increase the risk of delaying the economic recovery the world is in after high inflation.

Billerud is affected by the war in Ukraine through its effects on the economic development and price developments for wood, fiber, energy, chemicals, and fuel. Billerud complies with applicable sanctions and regulations and suspended all sales to Russia in 2022. Consequences of the war in Ukraine and further COVID-19 outbreaks entail risks of supply chain disruptions.

Billerud continues to monitor global developments and contingency plans are regularly being updated. The increasing cost of energy influences Billerud negatively and creates a cost inflation on raw material sourcing. To mitigate these risks, Billerud detected risk areas through supply risk mapping and consequent actions to secure and develop supply from alternative sources and through supply risk mitigation actions by current suppliers (e.g., multi-site sourcing, supply chain and stock planning).

Cyber-crime and security

Our society and Billerud's business rely to an ever-greater degree on digital tools and data. More extensive digital exposure also increases the risk of unauthorized access to our IT and OT (Operational Technology) systems. Methods applied to gain unauthorized access to internal company systems and information resources are becoming increasingly sophisticated. Through unauthorized access, criminals and criminal organizations can harm Billerud and its stakeholders in numerous ways. This may involve blackmail, fraud, damage to information and fixed assets, spreading of price-sensitive information on shares, etc., as well as causing damage to our production processes.

Safeguarding our information and data assets has become increasingly important to protect ourselves and our stakeholders' information. Billerud has chosen a systematic way of working to protect IT and OT infrastructure, information assets and data privacy, based on the information security standards ISO 27001 and NIST. In addition to this, several initiatives to raise employee awareness have been performed. Controls have also been added to the information security management system to ensure the company fulfils the requirements of the European General Data Protection Regulation (GDPR), and that cybercrime-related risks are managed. The controls and their order of priority are based on analysis of the

identified risks and consequences. Risk analyses are carried out at several levels in Billerud, and risks are addressed in governance and management forums for the company's information and system resources, including production technology (mill IT).

2 Execution risks

Execution risks, also known as operational risks, are risks that can impact the ability to achieve established objectives in daily operations. Execution risks are assessed by risk and process owners and execution risk maps are used to support business evaluations and decisions. Execution risks are mitigated by implementing clear process ownership, internal governing documents, effective internal control, quality programs, a whistleblower system, insurance programs and crisis management, as well as by reducing environmental impact and improving energy efficiency.

An important project that was executed during the year was the building and installation of a new recovery boiler at Frövi. In April 2022, the assembly phase started to build a new recovery boiler and proceeded as planned during 2023 and in the third quarter the new recovery boiler was completed.

Financial risks as well as health and safety risks are also considered execution risks.

Sourcing of raw materials and commodities

The sourcing and supply of raw materials such as wood, energy, and commodities, is crucial for Billerud's operations. Supply and demand will affect the availability of raw materials and their price. Billerud is dependent on the timely supply of raw materials. Critical resources have been identified throughout the company, and contingency plans for short-term disruptions have been developed.

To mitigate the risk, Billerud has identified risk areas through supply risk mapping and risk assessment, and consequent actions to secure and develop supply from alternative sources. The reduction of single supply set-ups by qualifying alternative products and suppliers, consumption reduction and changes in recipes are used to mitigate increases or lack of raw materials. Further diversification of supply base has been utilized to mitigate regional supply risk, and continued supply risk assessment and mapping is used to develop contingency plans.

Wood availability and price

Market prices for wood and fiber vary over time and the price fluctuations may affect Billerud's result. Fiber prices are influenced by the wood supply/demand market balance, indicating that changes in the Nordic countries may lead to long-term changes in raw material costs. EU's import ban from Russia reduced hardwood volumes in the Nordic market. The reduction in supply increased competition within the Nordic markets, which has driven prices upward. The import ban has also influenced energy, oil, and gas costs, increasing transportation prices as well as harvesting costs due to increased diesel prices. The North American fiber pricing is also influenced by the wood supply and demand market balance. Additionally, it can be affected by the stability of the supply chain, particularly labor availability, and inflationary pressures.

There is a risk that pulpwood availability within the Nordics decreases due to a lowering harvesting level due to biodiversity and nature conservation considerations. A lower harvesting level may lead to a decrease in supply to our mills. The outcome could be that Billerud will not be able to supply the mills to the expected extent that can result in a lower production output or/and in the long run increases in pulpwood prices on the market. The consequence of this can pose challenges and a possible higher cost level, affecting Billerud's financial performance.

To mitigate these risks, Billerud has worked and continues to work on establishing long-term partnerships with its key suppliers to secure sustainable and competitive supply to our mills. At the same time, we are expanding our field purchases to source fiber from private forest owners in Sweden. In addition to wood sourcing action, we are launching action to improve fiber efficiency and optimize fiber use to increase the production output with the amount of fiber used.

Asset risks

Examples of asset risks are risks that could affect or have an impact on Billerud's property, plant and equipment such as buildings, machinery, land and equipment. Preventive work to detect and mitigate such risks is conducted through internal planning and control carried out by independent inspection bodies in close collaboration with insurance companies. Investments are constantly being made to improve the status of facilities. Billerud insures its facilities to their full value with respect to property and business disruption.

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There are also risks related to the management of intangible assets such as patents and Intellectual Property Rights (IPR). The two most important risks to mitigate are the risk of restricting freedom to operate (our ability to produce and market the best possible products) and the risk of non-compliance with competition law. Mitigation measures include the systematic handling of competitors' patenting activities and procedures for contacts with competitors on IPR matters.

Internal processes and information management

There is a risk of not being able to deliver in accordance with the set targets due to lack of governance in our internal processes, and risk of incomplete or incorrect master data causing inefficiencies that negatively affect turnover and results. To mitigate these risks, there is an ongoing project to harmonize our way of working, including unified work systems, methods, and processes. In December 2023, the board of directors decided that Billerud will use one global ERP-system in the future. The program coordinates several efforts that are run in close collaboration with relevant parts of the organization. All activities and working methods are jointly developed by IT department and key personnel in the organization.

Organizational and human resources risks

Organizational and human resources risks relate to the ability to attract, hire, and retain expertise and personnel, to the ability to comply with sustainable leadership and change management, and to maintaining an appropriate reward and benefit system. Billerud works continually to manage skills development and succession planning. The Group works in a structured and focused manner on strengthening the Group's employer brand. Production skills are crucial, and Billerud has devised a Technical Trainee program to attract and develop the relevant expertise for our mills.

The human resource function has established a recruitment training program for the Group's leaders to boost their knowledge on recruitment. We have also developed a skills profile for Sustainable Leadership, which enables the business to assess a candidate's leadership potential when recruiting internally or externally.

To take proactive steps to minimize the risk of alcohol and drug abuse and other undesirable backgrounds, we carry out background checks for critical and relevant positions, as well as alcohol and drug tests for illegal substances in all recruitment.

Payroll costs are principally dictated by applicable collective agreements and employer expenses. Billerud's reward framework is continuously updated. Market salary statistics are used to ensure that remuneration is in line with the Group's reward philosophy.

3 Compliance and regulatory risks

Compliance and regulatory risks are risks that arise from non-compliance with external laws, rules and/or regulations or internal rules, primarily related to responsible corporate governance, and the rules that a listed company with global operations is expected to follow.

Billerud is subject to stringent environmental and regulatory requirements. The introduction of new laws, rules and regulations or the imposition of new or more stringent regulatory requirements could affect the Group's operating profit and the quality of its financial reporting. Compliance and regulatory risks concern both internal compliance with governing documents and external compliance with laws, rules, and regulations. These risks are mitigated by active dialogue, intranet publications and employee training, and annual assessments of internal governing documents carried out by Legal & Compliance, Group Internal Control, HR, Finance, and experts from Billerud's functions.

Responsible business compliance risks

Responsible business compliance risks are defined as risks of breaching laws, standards and/or internal rules and/or not meeting external requirements and expectations concerning anti-corruption and anti-money laundering, free and fair competition, compliance with sanctions and respect for human rights. These risks can lead to increased costs for regulatory compliance, fines, damage to reputation or loss of revenue. Billerud's responsible business compliance program aims to ensure that our Group lives up to its values and commitments and that the risks in these areas are identified and managed. Billerud commits to and expects its business partners to adhere to international standards and requirements. Our Code of Conduct applies to all employees and our Supplier Code of Conduct applies to all suppliers, as applicable. Other core measures include internal rules, training and awareness, risk assessments, third-party screening and due diligence including controls in relation to higher-risk markets, and the "Speak-up Line" whistleblower process.

Our responsible business compliance program is further described on page 134.

4 Information and communication risks

Information and communication risks are risks associated with Billerud's reporting (both financial and non-financial). External communication risks are risks associated with financial information, such as interim reports and annual reports, and non-financial information, such as sustainability information and external communication. Internal information and communication risks comprise systems and processes that contribute to information being identified, distributed, and documented in a way that enables employees to perform their work efficiently. External and internal communication is supported by a Communication, Branding and Information Policy approved by the Board of Directors. A more detailed description of Billerud's work on internal controls of financial reporting is provided in the Corporate Governance Report in the section titled Internal Controls over Financial Reporting, on page 41.

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Sensitivity analysis

Impact on profit/loss before tax

Variable	Change	SEKm
Sales volume	+/- 10%	+/- 1,470
Exchange rates, SEK ¹	+/- 10%	-/+ 655
– of which relates to EUR	+/- 10%	-/+ 300
– of which relates to USD	+/- 10%	-/+ 290
– of which relates to GBP	+/- 10%	-/+ 65
Fiber price	+/- 10%	-/+ 1,310
Electricity price ²	+/- 10%	-/+ 150
Natural gas ³	+/- 10%	-/+ 40
Loan interest rate ⁴	+/- 1 percentage point	-/+ 56

¹ Excluding effects of currency hedges.
² Excluding effects of electricity price hedges.
³ Excluding effects of natural gas price hedges.
⁴ Refers to the loan and interest conditions on 31 December 2023. Interest rate changes and loan amounts in 2024 have not been taken into account.



Breakdown of operating costs, %

- Fiber (wood and external pulp), 32
- Employee benefit expense, 16
- Chemicals, 14
- Delivery expenses, 11
- Depreciation/amortization, 7
- Energy, 5
- Other variable costs, 3
- Other fixed costs, 12

For additional information about financial risks and risk management, see note 22.

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Consolidated financial statements

Consolidated income statement

SEKm	Note	2023	2022
Net sales	2	41,224	42,590
Other operating income	3, 29	308	440
Change in inventories		-898	724
Raw materials and consumables		-21,461	-20,280
Other external costs	4	-9,313	-9,569
Employee benefit expense	5, 23	-6,350	-5,719
Depreciation, amortization and impairment of non-current assets	9, 10, 12	-2,780	-2,480
Change in value of biological assets	11	-2	-
Profit/Loss from participations and impairment in associated companies	13	-194	-19
Operating profit	2	534	5,687
Financial items	6		
Finance income		93	372
Finance cost		-442	-186
Net financial items		-349	186
Profit/loss before tax		185	5,873
Tax	7	299	-1,283
Profit for the year		484	4,590
Profit attributable to:			
Owners of the parent company		484	4,590
Non-controlling interests		-	-
Profit for the year		484	4,590
Basic earnings per share, SEK	8	1.95	20.13
Diluted earnings per share, SEK	8	1.95	20.09

Consolidated statement of Other comprehensive income

SEKm	Note	2023	2022
Profit/loss for the year		484	4,590
Items that cannot be transferred to profit/loss for the period			
Revaluation of forest land	11	2	-
Revaluation of defined-benefit pensions	17	346	470
Change for the period in fair value relating to shares in Other holdings		5	-6
Tax that can be attributed to items that cannot be transferred to profit/loss for the period		-94	-111
Total items that cannot be transferred to profit/loss for the period		259	353
Items that have been or can be transferred to profit/loss for the period			
Translation differences for the period arising from translation of foreign operations		-350	774
Translation differences for the period transferred to profit/loss for the year		-9	-
Changes in fair value of cash flow hedges during the period		-1,044	2,388
Changes in fair value of cash flow hedges transferred to profit/loss for the year		7	-1,222
Tax attributable to items that have been or can be transferred to profit/loss for the period		221	-222
Total items that have been or can be transferred to profit/loss for the period		-1,175	1,718
Total comprehensive income for the year		-432	6,661
Attributable to:			
Owners of the parent company		-432	6,661
Non-controlling interests		-	-
Total comprehensive income for the year		-432	6,661

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Consolidated balance sheet

SEKm	Note	31 Dec 2023	31 Dec 2022
ASSETS	1, 21		
Non-current assets			
Non-current intangible assets	9	2,227	2,246
Property, plant and equipment	10	29,199	28,849
Forest assets	11	393	393
Right-of-use assets	12	341	406
Participations in associated companies and joint ventures	13	906	1,156
Other holdings	14	11	54
Non-current receivables from associates		–	2
Deferred tax assets	7	699	481
Non-current receivables		131	538
Total non-current assets		33,907	34,125
Current assets			
Intangible assets	9	111	130
Inventories	15	6,137	7,305
Accounts receivable		3,804	5,006
Tax receivables		7	10
Other receivables		1,079	1,936
Prepaid expenses and accrued income		577	857
Cash and cash equivalents	24	2,304	2,046
Total current assets		14,019	17,290
Total assets		47,926	51,415

SEKm	Note	31 Dec 2023	31 Dec 2022
SHAREHOLDERS' EQUITY AND LIABILITIES	1, 21		
Shareholders' equity	16		
Share capital		1,843	1,843
Other contributed capital		7,613	7,613
Reserves		1,048	2,272
Retained earnings including profit/loss for the year		16,441	17,526
Total equity attributable to owners of the parent company		26,945	29,254
Non-controlling interests		–	–
Total shareholders' equity		26,945	29,254
Non-current liabilities			
Interest-bearing liabilities	19	4,696	2,796
Lease liabilities	12, 19	178	234
Provisions for pensions	17	653	1,196
Other provisions	18	411	415
Deferred tax liabilities	7	3,965	4,452
Other liabilities		113	77
Total non-current liabilities		10,016	9,170
Current liabilities			
Interest-bearing liabilities	19	2,536	2,227
Lease liabilities	12, 19	168	177
Accounts payable		5,352	6,702
Tax liabilities		126	393
Other liabilities		453	693
Accrued expenses and deferred income	20	2,220	2,700
Provisions	18	110	99
Total current liabilities		10,965	12,991
Total liabilities		20,981	22,161
Total shareholders' equity and liabilities		47,926	51,415

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Consolidated statement of changes in equity

SEKm	Note	Equity attributable to owners of the parent company						Total	Non-controlling interests	Total shareholders' equity
		Share capital	Other contributed capital	Translation reserve	Revaluation surplus	Hedging reserve	Retained earnings and profit/loss for the year			
Opening balance, 1 Jan 2023	16	1,843	7,613	977	117	1,163	17,541	29,254	–	29,254
Total comprehensive income for the year				–359	1	–815	741	–432		–432
Dividend to owners of the parent company							–1,864	–1,864		–1,864
Hedging result transferred to acquisition cost in fixed assets						–36		–36		–36
Share-based payments to be settled in equity instruments, IFRS 2							23	23		23
Closing balance, 31 Dec 2023		1,843	7,613	618	118	312	16,441	26,945	–	26,945

SEKm	Note	Equity attributable to owners of the parent company						Total	Non-controlling interests	Total shareholders' equity
		Share capital	Other contributed capital	Translation reserve	Revaluation surplus	Hedging reserve	Retained earnings and profit/loss for the year			
Opening balance, 1 Jan 2022	16	1,537	4,484	203	117	232	13,468	20,041	–	20,041
Total comprehensive income for the year				774		946	4,941	6,661		6,661
Rights issue		306	3,129				–	3,435		3,435
Dividend to owners of the parent company							–890	–890		–890
Hedging result transferred to acquisition cost in fixed assets						–15		–15		–15
Share-based payments to be settled in equity instruments, IFRS 2							22	22		22
Closing balance, 31 Dec 2022		1,843	7,613	977	117	1,163	17,541	29,254	–	29,254

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Consolidated statement of cash flows

SEKm	Note	2023	2022
Operating activities	24		
Profit after financial items		185	5,873
Adjustments for items not included in cash flow		2,963	2,488
Tax paid		-561	-453
Cash flow from operating activities before changes in working capital		2,587	7,908
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		1,105	-1,813
Increase (-)/decrease (+) in operating receivables		1,428	-1,387
Increase (+)/decrease (-) in operating liabilities		-1,830	2,121
Cash flow from operating activities		3,290	6,829
Investing activities			
Investments in tangible and intangible assets	10	-3,177	-3,330
Disposal of property, plant and equipment		9	32
Business combinations	28	-	-6,128
Divestment of subsidiaries	29	-80	-
Acquisition assets / contribution to associated companies		-43	-15
Dividend from associated companies		17	12
Disposal/repayment of other holdings		48	10
Divestment of associated companies		81	-
Changes in interest-bearing receivables		19	3
Cash flow from investing activities		-3,126	-9,416
Financing activities			
Rights issue		-	3,497
Rights issue costs		-	-78
Borrowings		7,718	6,328
Debt repayment		-5,700	-7,965
Dividend		-1,864	-890
Cash flow from financing activities		154	892
Cash flow for the period		318	-1,695
Cash and cash equivalents at start of year		2,046	3,558
Translation difference in cash and cash equivalents		-60	183
Cash and cash equivalents at year-end		2,304	2,046

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1 Significant accounting policies

Statement of compliance

The consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Commission for application within the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 concerning supplementary accounting rules for Groups has been applied.

Changes in accounting policies

The new and amended standards and interpretations that are applicable from 2023 which had an impact on Billerud's annual report is the change in disclosure requirements for accounting policies. The disclosures have been reduced and only disclosures regarding significant accounting policies are included. Billerud has also adopted the amendments for IAS 12 related to a temporary exception for accounting for deferred taxes arising from implementation of Pillar two model rules. No other amended standards or interpretations with an application date in future years have been applied in advance.

Presentation currency

The Group's presentation currency is Swedish krona (SEK). The financial reports are presented in million Swedish kronor (SEKm). All amounts, unless stated otherwise, are rounded to the nearest million.

Use of estimates and judgments in the financial reports

Judgements made by the company's management when applying IFRS that have a significant impact on financial reports are described in note 13. These refers to the accounting of Billerud's holding of shares in BSO Holding AB.

Regarding estimates that have a significant risk of resulting in a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, the assessment is that there are none at year-end.

Calculation of Goodwill and Pensions are based on uncertain estimates, which are described in more detail in note 9 and 17. However, the assessment of these estimates is not considered to be a significant risk of resulting in a material adjustment of the carrying amount of the assets and liabilities within the next financial year.

Operating segments

Billerud's operations are divided into operating segments based on which parts of the operations the company's ultimate executive decision makers monitor, that is, according to the "management approach". The Group's operations are organized so that the Group Management Team (GMT) monitors the net sales, EBITDA-result, operating profit and sales volumes based on the region where the products are produced and are therefore the Group's operating segments. A president for each region is a part of the Group management team and Billerud has identified its operating segments they consist of Region Europe Region, Region North America and Solutions and Other. Currency hedging etc is included in Solutions and Other, but is presented separately in the annual report. During 2023 Board product area and Paper product area have been replaced by Region Europe and Region North America, while Solutions and Other remained unchanged during the year.

The forestry and transport operation in Europe are a part of Solutions and Other and primarily deliver services and wood. The results from the operation are not reviewed by the company's chief operating decision maker, because a large part of the operation sells at cost price internally within Sweden and is therefore not a separate segment.

Group eliminations are also a part of Solutions & Other, and are therefore not disclosed in a separate column in note 2.

Revenue

Revenue from contracts with customers

Billerud's performance obligation mainly consists of primarily in the supply of goods, as well as services to a limited extent.

Fulfillment of performance obligation for goods

Revenue has to be recognized when (or as) Billerud fulfills the performance obligation by transferring control of goods, which consists of packaging material and products of primary fiber, to a customer. To determine who has control over the goods and when the control is transferred, Billerud primarily considers the risks and rewards associated with the goods, where the delivery terms is the strongest indicator in the assessment.

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NOTE 1 CONTINUED

Fulfillment of performance obligation for services

Services within Billerud mainly consist of transport services, forestry and services in Managed Packaging. As customers receive and consume all the benefits provided through Billerud's services, revenue is recognized over time in conjunction with fulfillment of the service.

Financial instruments

Financial instruments recognized in the balance sheet include, on the assets side, cash and cash equivalents, accounts receivable, financial investments and derivatives. On the liabilities side there are accounts payable, borrowings and derivatives.

Derivatives and hedge accounting

The Group's derivative instruments have primarily been acquired to hedge the currency and electricity price risk exposure of the Group. In 2023, derivative instruments for the exposure of natural gas has been signed.

Gains and losses on hedging instruments are recognized in the profit and loss accounts at the same time that profit and loss are recognized for the items being hedged.

Hedging of foreign currency – cash flow hedging

Foreign exchange contracts used to hedge future cash flows and forecast sales, and purchases in foreign currency are recognized at fair value on the balance sheet. Changes in value are recognized in other comprehensive income and accumulate in the hedge reserve in equity until the time when the hedged flow is recognized in the profit and loss, at which time the hedging instrument's accumulated changes in value are transferred to net sales in the profit and loss accounts, where they then meet and match the profit/loss effects of the hedged transaction. If the hedged item is related to a future payment for the acquisition of a non-financial asset, like Billerud's property, plant & equipment, the amount accumulated in the hedging reserve is included in the carrying amount of the acquired item at the time of the acquisition. Profit and loss are subsequently impacted by depreciations and impairment, according to the hedged item's depreciation period.

Derivatives – electricity and natural gas

Billerud buys electricity and natural gas from external suppliers. To continually hedge the electricity price and natural gas prices, Billerud enters into derivative contracts for electricity and natural gas. Derivatives that protect the forecasted outflow of energy expenses are recognized in the balance sheet at fair value.

Changes in value are recognized in other comprehensive income and accumulate in the hedge reserve in equity until the time when the hedged outflow is recognized in the profit and loss, at which time the hedging instrument's accumulated changes in value are transferred to

the profit and loss accounts, where they then meet and match the profit/loss effects of the hedged transaction.

The gains or losses realized on these contracts are recognized continuously in operating profit/loss as a correction of energy costs.

Impairment of financial assets

The Group recognizes loss reserves for expected credit losses on accounts receivable. For assets other than accounts receivable which are valued at amortized cost, possible expected credit losses are deemed to be negligible. The loss reserves for accounts receivable is always measured at an amount corresponding to expected credit losses throughout the life of the receivable.

Doubtful receivables are based on expected credit losses and consist of a general provision and an individual assessment. A percentage is calculated for the general provision based on historical credit losses and forward-looking assumptions. The individual assessment takes into account the customer's current situation and other relevant circumstances, for example credit insurance status, historical situation, geo-Graphic/political situation.

Impairment is recognized as other external expense in profit/loss.

Property, plant and equipment and forest assets

Owned assets

Forest assets consist of two parts, growing trees that are recognized as biological assets and are recognized at fair value in the profit and loss, and forest land that is recognized as a property, plant and equipment and are recognized at fair value (fair value method) through other comprehensive income. It implies that both biological assets and forest land are recognized at fair value and are recognized as forest assets on a separate line in the balance sheet. Other property, plant and equipment are recognized at cost less deductions for accumulated depreciation and any impairment losses.

Forest assets

The Group's forest assets are recognized at fair value mainly based on the transaction prices for forest properties in those areas where the Group has forests. Fair value measurement is based on level 3. The total value of the forest assets is allocated across growing trees, which are recognized as biological assets, and forest land. The value allocated to the biological assets is established by calculating the present value of expected cash flows, less selling costs, from harvesting those trees currently growing. The value of the forest land is calculated as the difference between the total value of the forest assets and the biological assets. Changes in the fair value of biological assets are recognized in profit/loss. Changes in the fair value of forest land are recognized in other comprehensive income and accumulated in a separate component of equity, the revaluation surplus. If the fair value of forest land, however

were to be less than cost, the difference would be recognized in profit/loss as an impairment loss. The forest assets acquisition value is low and the probability for impairment is low.

Depreciation policies

Assets are depreciated on a straight-line basis over the estimated useful life of the asset. Land is not depreciated.

The following depreciation periods are applied:

Industrial buildings	20–33 years
Residential and office buildings	30–50 years
Land improvements	20–25 years
Machinery used for pulp and paper	20–25 years
Other machinery	10 years
Vehicles, equipment and components	3–5 years

Intangible assets

Emission rights

Billerud participates in the European system for emission rights and each year Billerud receives allowances free of charge. Billerud has chosen to recognize the emission rights as a current intangible asset since Billerud intend to sell or utilize the emission rights within 12 months and as a prepaid revenue. The emission rights are initially recognized at market value as of the date to which the allocation pertains.

During the financial year, the prepaid revenue is dissolved linearly as actual emissions occur and a liability for use of emission rights is recognized. Both the revenue and the expense are reported on the row for Raw materials and consumables in the income statement to achieve the purpose of the allocation of emission rights, which is to cover Billerud's emissions of carbon dioxide.

At the subsequent measurement of the emission rights, an assessment is made based on whether the price at the initial recognition is higher or lower than the market price at the end of the accounting period. There is an active market for emission rights, and observable prices on emission rights are determined on a daily basis. The market price reflects the price that Billerud expected to gain from a sale of the emissions rights and is therefore the residual value of the asset. During the year, Billerud signs forward contracts for a predetermined share of the emissions rights with delivery in December. Possibly positive results from the sale of emission rights are reported upon delivery in December. The amortized amount of the emission rights is zero, because there is no ongoing consumption of the emission rights after the previous year's liability has been settled. Instead, impairment assessment is carried out.



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Depreciation policies

Amortizations are recognized in the income statement on a straight-line basis over the estimated useful life of the intangible asset, unless the useful life is indefinite.

The expected useful life is:

Capitalized development expenditure and software, 3–7 years

Inventories

Inventories are stated at the lower of acquisition cost and net realizable value. The FIFO (first in, first out) method is used to calculate the cost of inventories. This includes fixed and variable production costs arising upon the acquisition of the assets and transport to the current site in their current condition. If it is not possible in practice to apply FIFO, a weighted average calculation can be used as it provides a good approximation of the FIFO method.

The net realizable value is the expected selling price in the ordinary course of business less expected costs for completion and selling.

Employee benefits

Billerud has both defined-contribution plans and defined-benefit plans.

Defined-contribution plans

Pension plans in which the company's commitments are restricted to the fees the company has undertaken to pay are classified as defined-contribution pension plans. The company's commitments concerning fees paid to defined-contribution pension plans are recognized as a cost in the profit and loss accounts at the rate at which they are earned through the employee performing services for the company during a period.

Defined-benefit plans

The Group's net commitments for defined-benefit plans are calculated separately for each plan by estimating the future benefit that each employee has earned through employment both in the current period and previous periods; this benefit is discounted to its present value. The discount rate in Sweden is the interest rate at the end of the reporting period for a first class corporate bond, including mortgage bonds, with a duration corresponding to the duration of the Group's pension commitments. When there is no active market for such corporate bonds, the market rate for government bonds of corresponding duration is used instead. In addition to these there is a supplement which is the difference between interest on mortgage bonds and nominal government bond with a similar duration. In the US, the discount rate is based on the yield curve

reflecting returns on high quality corporate bonds (AA and AAA). The calculation is made by a qualified actuary using the projected unit credit method. In addition, the fair value of any plan assets is calculated at the closing date.

In the determination of the present value of the commitment, actuarial gains or losses may arise. They arise either because the fair value deviates from earlier assumptions or because the assumptions change. Actuarial gains and losses are recognized in other comprehensive income.

In the balance sheet the carrying amount of pensions and similar commitments represents the present value of commitments at the end of the period. Interest on pension liabilities is recognized in financial items. Corrections of previous years' earnings as well as gains and losses due to changes in pension plans are recognized in operating income.

The commitments for retirement and family pensions for salaried employees in Sweden are secured through an insurance policy with Alecta. This is a multi-employer defined-benefit plan. Billerud has not had access to such information as to make it possible to recognize this plan as a defined-benefit plan. ITP pension plans secured via insurance with Alecta are therefore disclosed as defined-contribution plans.

Share-based payments

The group has incentives programs in terms of share-based payments in which GMT and other key employees can be entitled to shares in Billerud if, in addition to continued employment and the retention of purchased shares in Billerud, certain performance conditions are met (see note 23). The fair value of these rights at the start of the program are accounted for during the service period as an employee benefit expense and an increase in equity. An adjustment of the accounted amounts is made on an ongoing basis of expected fulfillment of the program's employments and performance conditions and a final adjustment is made to reflect the actual outcome of these conditions. Social security contributions for the programs are accounted for during the service period, as an employee benefit expense in the income statement and a liability in the balance sheet, and are continuously based on the fair value of the shares.

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2 Operating profit/loss by segment and net sales by market

Billerud's packaging material business is governed in two operating segments based on the region in which the products are manufactured: Region Europe and Region North America. During 2023 has Board product area and Paper product area been replaced by Region Europe and Region North America, while Solutions and Other are unchanged during the year. The comparison period has been restated according to the new segment structure.

Solutions and Other includes Procurement & Wood Supply in Europe, ScandFiber Logistics AB, Managed Packaging, Consolidated Water-power Company, rental operations, dormant companies, idle assets, income from sale of businesses, items affecting comparability and costs due to increased investments in the production structure. Other also includes Group-wide functions, Group eliminations (including IFRS 16)

and profit/loss from participation in associated companies. Currency hedging etc. includes results from hedging of the Group's net currency flows and revaluation of accounts receivables as well as payments from customers. The part of the currency exposure that relates to changes in exchange rates when invoicing and purchasing are included in the regions' profit/loss.

Profit/loss by operating segment

SEKm	Region Europe		Region North America		Solution & Other (excl. currency hedging etc.)		Currency hedging etc		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	27,114	27,962	11,511	11,459	2,948	3,266	-349	-97	41,224	42,590
<i>Product area</i>										
Liquid packaging board	9,396	8,591	-	-	-	-	-	-	9,396	8,591
Containerboard	5,347	5,480	-	-	-	-	-	-	5,347	5,480
Kraft and speciality paper	3,841	3,811	-	-	-	-	-	-	3,841	3,811
Sack paper	2,912	3,858	-	-	-	-	-	-	2,912	3,858
Cartonboard	2,793	3,509	-	-	-	-	-	-	2,793	3,509
Pulp	2,553	2,335	1,564	1,059	-	-	-	-	4,117	3,394
Graphic paper	-	-	8,342	8,632	-	-	-	-	8,342	8,632
Specialty paper	-	-	1,605	1,769	-	-	-	-	1,605	1,769
Managed Packaging	-	-	-	-	420	770	-	-	420	770
Other	272	378	-	-1	2,528	2,496	-	-97	2,800	2,776
Other income and operating expenses	-24,361	-21,792	-9,893	-9,042	-3,656	-3,571	-	-18	-37,910	-34,423
EBITDA	2,753	6,170	1,618	2,417	-708	-305	-349	-115	3,314	8,167
EBITDA, %	10	22	14	21	-24	-9	-	-	8	19
Depreciation, amortization and impairment losses	-1,828	-1,768	-810	-556	-142	-156	-	-	-2,780	-2,480
Operating profit/loss	925	4,402	808	1,861	-850	-461	-349	-115	534	5,687
Operating margin, %	3	16	7	16	-29	-14	-	-	1	13
Financial items									-349	186
Tax									299	-1,283
Profit/loss for the period									484	4,590

Of Net sales of SEK 41,224 million (42,590), SEK 765 million (777) was sales of services.

The Group has one customer in Region Europe which accounts for more than 10% of the Group's Net sales.

Included in Solutions & Other are items classified as affecting comparability amounted to SEK -299 million (-52) and consists of impairment of share in associated company Paper Bottle Company AS SEK -52 million (-), total capital result from divestment of Managed Packaging SEK 23 million (-), staff restructuring costs SEK -106 (-) million, revaluation of biological assets in associated companies SEK -164 million (-52).

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Geographic areas

SEKm	Net sales ¹		Non-current assets ²	
	2023	2022	2023	2022
US	12,802	12,716	5,980	6,133
Germany	3,606	3,619	2	8
Sweden	3,348	4,061	26,518	26,213
China	2,584	2,309	2	15
Italy	2,218	2,180	1	2
Spain	1,741	1,831	1	2
Turkey	1,294	962	–	–
France	1,286	1,404	2	10
United Kingdom	1,278	1,552	1	1
The Netherlands	765	726	–	–
Denmark	691	612	–	–
India	683	577	–	–
Finland	465	431	470	511
Mexico	427	456	–	–
Canada	393	357	–	–
Vietnam	358	458	–	–
Poland	340	392	–	–
Belgium	323	463	–	–
Latvia	305	363	55	32
Rest of Europe	1,934	2,048	34	120
Rest of the world	4,383	5,073	–	2
Total	41,224	42,590	33,066	33,049

1 Net sales refer to sales to countries where Billerud has its customers.

2 Non-current assets include intangible assets and property, plant and equipment, right of use assets, shares and participation in associates and forest assets.

3 Other operating income

SEKm	2023	2022
Services sold	31	30
Capitalized work from own account	52	44
Insurance compensation	–	111
Settlement gain - pensions	–	89
Temporary rental of staff	6	5
Capital result from divestment of subsidiaries	23	–
Sales of electricity	35	39
Government grants	38	15
Sales of non-current assets	2	–
License agreement	14	13
Other	107	94
Total	308	440

4 Fees and expenses to auditors

SEKm	2023	2022
KPMG		
Auditing assignments	15	16
Auditing activities besides audit assignments	1	1
Tax consultancy	2	–
Other services	–	–
Total	18	17
Other auditors		
Auditing assignments	1	1
Tax consultancy	–	1
Other services	–	4
Total	1	6

Audit assignments refer to the audit of the annual report and accounting records as well as the Board of Directors' and CEO's administration of the Company, other tasks incumbent on the Company's auditor and advice or other assistance resulting from observations made during audits or the performance of such tasks. Auditing activities besides audit assignments relate to reviews of attestations, interim reports, etc. that resulted in reports from the auditor. Tax consultancy relates to assignments performed in regard to taxes and other charges. Other services relate to all other assignments not included in the above.

The Annual General Meeting (AGM) of shareholders held on 24 May 2023 resolved that KPMG AB would be appointed as auditor for the period extending up until the end of the 2024 AGM.

In addition to fees and cost reimbursement to KPMG 2022, SEK 4.4 million related to the Right issue has been booked directly against equity.



5 Employees and employee benefits expense

Average number of employees

	Of which		Of which	
	2023	men, %	2022	men, %
Sweden	4,057	76	3,824	77
US	1,774	82	1,315	82
Finland	105	85	111	84
Latvia	63	76	66	74
China	58	26	86	26
Vietnam	19	26	26	31
Germany	13	69	24	58
Italy	8	38	11	27
France	6	67	12	42
United Kingdom	6	100	7	86
Spain	4	100	12	50
Other countries	21	67	31	65
Total	6,134	77	5,525	77

SEKm	2023	2022
Employee benefit expense		
Wages, salaries and other remuneration		
Board, CEO and Group Management Team ¹	89	71
of which variable remuneration	24	25
Other employees	4,783	4,324
of which variable remuneration	148	418
Total salaries and other remuneration	4,872	4,395
Social security costs		
Contractual pensions for the CEO and Group Management Team		
Defined-benefit pensions	–	–
Defined-contribution pensions	12	11
Contractual pensions, other		
Defined-benefit pensions	3	5
Defined-contribution pensions	421	371
Other social security costs	1,042	937
Total social security costs	1,478	1,324
Total employee benefits expense	6,350	5,719

Number of women in management positions

	2023	2022
Group management¹		
Board ²	33	29
CEO and Group Management Team	25	18

¹ Refers to composition when the annual report is published.

² Excluding employee representatives.

For information about the benefits of senior managers in accordance with the Annual Accounts Act, see note 23.

¹ CEO and Group Management Team refers to the Group CEO and the Group Management Team. Board refers to the Board of Billerud AB.

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6 Net financial items

SEKm	2023	2022
Finance income		
Net change in exchange rates	–	339
Interest income, other	92	31
Other financial income	1	2
Total finance income	93	372
Finance costs		
Interest expense for financial liabilities measured at amortized cost	–306	–114
Interest expense for pension provision	–51	–37
Net change in exchange rates	–54	–
Impairment of non-current receivables	–2	–
Interest expense, lease liability	–10	–7
Other financial expenses	–19	–28
Total finance costs	–442	–186
Total net financial items	–349	186

Exchange rate differences related to financial assets and liabilities are recognized as a net in Net financial items.

Capitalized loan expenditures of SEK 47 million (25) are recognized as Property, plant and equipment.

Realized currency hedges of SEK 36 million (15) are recognized as a reduction of Property, plant and equipment.

7 Tax

SEKm	2023	2022
Profit/loss before tax		
Sweden	–755	4,028
Rest of the world	940	1,845
Total profit/loss before tax	185	5,873
Tax expense		
Current tax		
Tax expense for the period	–278	–825
Tax attributable to previous period	–28	–21
Total current tax	–306	–846
Deferred tax		
Deferred tax income/expense related to temporary differences	605	–437
Total tax expense	299	–1,283

SEKm	2023	2022
Reconciliation, effective tax rate		
Tax according to Swedish income tax rate	–38	–1,210
Effect of other tax rates for foreign subsidiaries	53	–73
Non-deductible capital losses	–11	–
Non-taxable capital gains	4	1
Tax attributable to previous periods	–28	–21
Non-deductible expenses	–17	–10
Result from participations in associated companies	–30	–4
Taxable income, not accounted for	3	–
Non-taxable income	–9	1
Deductible expenses not accounted for	–	29
Recognized /Utilized tax loss not recognized in previous years	–	9
Tax credits – US	387	–
Allocation of shares in incentive programs	–1	1
Other	–14	–6
Tax according to income statement	299	–1,283
Effective tax rate, %	–161.6	21.8

The low effective tax rate is related to US tax credits for prior years, for which a deferred tax asset was revaluated and recognized.

Deductible expenses not accounted in 2022 mainly relates to reassessment of Verso acquisition costs, treated as non-deductible expenses during 2021.

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**Change in deferred tax in temporary differences and loss carry-forwards**

SEKm	2023	2022
Opening balance	3,972	3,804
Recognized in Profit and loss	-605	437
Recognized in Equity		
<i>Hedging reserve</i>	-221	222
<i>Revaluation of defined-benefit pensions</i>	94	111
Business combinations	-	-539
Translation differences	26	-63
Closing Balance, 31 December	3,266	3,972

SEKm	2023	2022
Deferred tax liability		
Non-current assets	4,181	4,738
Tax allocation reserve	269	437
Hedging reserve	75	285
IFRS 16 – Leasing	77	91
Other	27	21
Total deferred tax liability	4,629	5,572

Deferred tax asset		
US tax credits	390	280
Inventories	215	227
Provisions, accrued expenses	198	326
Loss carry-forwards	473	660
Remaining negative net interest	6	9
IFRS 16 – Leasing	78	92
Other	3	6
Total deferred tax asset	1,363	1,600
Total net deferred tax liability	3,266	3,972

Portion recognized as deferred tax asset	699	481
Portion recognized as deferred tax liability	3,965	4,452

The acquired balance sheet of Verso, as of 31 December 2022, included a deferred tax asset of SEK 482 million related to tax loss carry-forwards. Temporary differences and/or loss carry-forwards for the Group that are not recognized as deferred tax assets total SEK 0 million (0). The assessment was made based on uncertainty about whether this tax asset can be recovered.

Pillar II

The Group is covered by the Act on additional taxes for companies in large groups (Pillar II). However, the company's assessment is that no additional tax will be paid when special exception rules, "Transitional CbCR Safe Harbour", apply.

As far as it is possible to judge from the Pillar II regulation today, the preliminary assessment is that given Billerud's current operations, additional tax is not expected to be paid in subsequent periods either.

8 Earnings per share

	2023	2022
Basic earnings per share		
Profit/loss for the period, SEKm	484	4,590
Weighted number of outstanding ordinary shares	248,487,554	228,014,201
Basic earnings per share, SEK	1.95	20.13
Diluted earnings per share		
Profit/loss for the period, SEKm	484	4,590
Weighted number of outstanding ordinary shares	248,487,554	228,014,201
Adjustment for assumed dilution through incentive program	136,308	406,870
Number of shares included in calculation of diluted earnings per share	248,623,862	228,421,071
Diluted earnings per share, SEK	1.95	20.09

In addition to adjustments for incentive programs included in the calculation above, there are additional share-based programs that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they did not arise to any dilutive effects during reported periods.

For more information regarding share-based payments, see note 23.

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9 Intangible assets

Non-current intangible asset

SEKm	Acquired intangible assets										Total		
	Goodwill		Customer contracts		Brand		Software		Other intangible assets		2023	2022	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
Acquisition value													
Carrying amount at start of year	2,256	1,983	567	567	–	115	176	86	15	28	3,014	2,779	
Investments	–	–	–	–	–	–	–	–	–	–	–	–	
Business combinations	–	242	–	–	–	–	–	86	–	–	–	328	
Sale of subsidiaries	–	–	–	–	–	–	–6	–	–	–	–6	–	
Divestments and disposals	–	–	–	–	–	–115	–	–9	–	–14	–	–138	
Reclassification	–	–	–	–	–	–	–	2	–	–	–	2	
Translation differences	–10	31	–	–	–	–	–3	11	–	1	–13	43	
Carrying amount at year-end	2,246	2,256	567	567	–	–	167	176	15	15	2,995	3,014	
Accumulated amortization													
Carrying amount at start of year	–	–	–567	–567	–	–103	–160	–85	–10	–24	–737	–779	
Business combinations	–	–	–	–	–	–	–	–68	–	–	–	–68	
Sale of subsidiaries	–	–	–	–	–	–	6	–	–	–	6	–	
Amortization	–	–	–	–	–	–	–8	–8	–1	–	–9	–8	
Divestments and disposals	–	–	–	–	–	103	–	9	–	14	–	126	
Translation differences	–	–	–	–	–	–	3	–8	–	–	3	–8	
Carrying amount at year-end	–	–	–567	–567	–	–	–159	–160	–11	–10	–737	–737	
Accumulated impairment losses													
Carrying amount at start of year	–31	–31	–	–	–	–12	–	–	–	–	–31	–43	
Divestments and disposals	–	–	–	–	–	12	–	–	–	–	–	12	
Carrying amount at year-end	–31	–31	–	–	–	–	–	–	–	–	–31	–31	
Carrying amounts according to balance sheet	2,215	2,225	–	–	–	–	8	16	4	5	2,227	2,246	

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Intangible assets – current

SEKm	Emission rights	
	2023	2022
Carrying amount at start of year	132	28
Emission rights allocated	737	646
External purchase	6	5
Sales	-674	-506
Settlement with Swedish government	-78	-41
Carrying amount at year-end	123	132
Accumulated impairment losses		
Carrying amount at start of year	-2	-
Impairment	-180	-27
Sales	170	25
Carrying amount at year-end	-12	-2
Carrying amount according to balance sheet	111	130

During 2023 a total positive result of SEK 575 million (525) related to emission rights has been accounted for in the profit and loss as Raw material and consumables. Emission rights that have not yet been allocated, but Billerud are entitled to, have an impact on the total result and are accounted for as a accrued income up until allotment. The liability for emissions amounted to SEK 70 million (74) and are accounted for as a Other current liability.

Goodwill

The Group's goodwill comes from two events, SEK 1,952 million that arose in connection with the Korsnäs acquisition in 2012 and SEK 263 million that arose from the acquisition of Verso Corporation in 2022.

The goodwill from the Korsnäs acquisition

The Group's goodwill of SEK 1,952 million from the Korsnäs acquisition in 2012 has been allocated to the Region Europe, which is a cash-generating unit in line with Billerud's organisational structure.

With regards to impairment testing related to the acquisition of Korsnäs, the recoverable amount has been calculated as value in use. The calculations use cash flow based on the business plan adopted in 2023. For the period 2025-2033 an assumed volume growth of 1.5%, inflation of 2% and an increase of sale prices of 75% of the inflation has been used. An annual growth rate of 2% was used to extrapolate cash flows beyond 2033.

The discount rate before tax that was used is 9.94% (9.86).

An impairment test was performed and no need for impairment was identified.

The goodwill from the Verso Corporation acquisition

The Group's goodwill of SEK 263 million from the Verso Corp acquisition in 2022 has been allocated to Region North America.

The recoverable amount has been calculated as value in use. The calculations use cash flow based on the business plan adopted in 2023 and that the business carries on as is. For the period 2025-2033 it has been assumed that volumes will decline in average of 1% per year, customer prices and variable costs per tons remain unchanged and fixed costs decline by approximately of 1% per year. An annual growth rate of 0% was used to extrapolate cash flows beyond 2033.

The discount rate before tax that was used is 9,94% (9,86). An impairment test was performed and no need for impairment was identified.

A long forecast plan (10 years) has been used in both impairment tests due to the fact that this is a long term business. The assumptions in the multi-year plan are based on historical experience and forecasts regarding market performance and other factors. The main assumptions relate to volume growth, EBITDA margin, operating capital and investment needs. Forecasts are made on management's assessments which are based on both internal and external sources.

The Company's management believes that no reasonable changes in any of the major assumptions would result in any impairment.

Climate risk assessment

Billerud's assessment is that the climate risks that are expected to affect future results and cash flows are taken into account in the forecasts that are the basis for the impairment tests. A risk that could have a direct impact in the next 5-10 years could be floods that result in operational interruptions. This usually does not mean that tangible assets become unusable therefore Billerud has assessed that it is not reasonable to assume that climate risks can lead to a direct need for impairment or a shortening of the estimated useful life due to a single flood.

In the sensitivity analyses, assessments have been made regarding future costs that to a large extent contain assessments regarding wood prices in the future, as wood is the main raw material in the production of paper and pulp. The same applies to energy prices, but also inflation. Billerud has made the assessment that it is growth that is the main factor to consider and has therefore primarily taken into account what happens in the case of lower sales growth, since reduced sales growth can both be due to climate-related risks and to other unknown factors. There is a satisfactory gap between the value in use and the book value of net assets. In terms of financial effects in general, scenario analysis of climate risks and opportunities shows that scenarios tend to have positive effects.

Climate change does not only mean risks for Billerud's operations, but also significant opportunities. Increased use of bio-based products from renewable materials generally have a smaller climate impact than many other materials, and the increased awareness among consumers can also lead to increased demand for Billerud's products.



10 Property, plant and equipment

SEKm	Buildings and land ¹		Plant and equipment ²		Construction in progress ³		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Acquisition value								
Carrying amount at start of year	9,741	8,555	53,832	43,281	3,263	1,340	66,836	53,176
Investments	1	–	31	17	3,145	3,313	3,177	3,330
Business combination ⁴	–	985	–	8,064	–	543	–	9,592
Change in accounting estimate ⁵	–6	–63	–	–	–	–	–6	–63
Reclassification	581	171	3,755	1,863	–4,335	–2,028	1	6
Divestments and disposals	–8	–30	–63	–489	–	–	–71	–519
Disposals via divestment of business ⁶	–	–	–26	–	–	–	–26	–
Translation differences	–39	123	–366	1,096	–44	95	–449	1,314
Carrying amount at year-end	10,270	9,741	57,163	53,832	2,029	3,263	69,462	66,836
Accumulated depreciation								
Carrying amount at start of year	–4,364	–3,661	–31,587	–25,458	–	–	–35,951	–29,119
Business combinations ⁴	–	–336	–	–4,063	–	–	–	–4,399
Depreciation	–341	–330	–2,236	–1,969	–	–	–2,577	–2,299
Reclassification	–	–17	–	17	–	–	–	–
Divestments and disposals	5	23	50	450	–	–	55	473
Disposals via divestment of business ⁶	–	–	15	–	–	–	15	–
Translation differences	14	–43	217	–564	–	–	231	–607
Carrying amount at year-end	–4,686	–4,364	–33,541	–31,587	–	–	–38,227	–35,951
Accumulated impairment losses								
Carrying amount at start of year	–111	–111	–1,925	–1,925	–	–	–2,036	–2,036
Impairment losses	–	–	–	–	–	–	–	–
Carrying amount at year-end	–111	–111	–1,925	–1,925	–	–	–2,036	–2,036
Carrying amounts according to balance sheet	5,473	5,266	21,697	20,320	2,029	3,263	29,199	28,849

1 Of which land is SEK 234 million (241).

2 Light machinery and equipment represent only a minor proportion of the value of plant and equipment and thus are not disclosed separately.

3 Capitalized loan expenditure included in cost of acquisition totalled SEK 47 million (25) in 2023, and the interest rate used in determining loan expenditure was 4.7% (2.7) at year-end.

4 Relates to the acquisition of Verso corporation.

5 Changes in the estimated costs of dismantling, removing or restoring items of property, plant and equipment.

6 Relates to the divestment of Managed Packaging.

Government grants

In 2023, the Group received government grants of SEK 2 million (0) to reduce the acquisition value of property, plant and equipment.

Investment commitments

In 2023, the Group signed agreements on the future acquisition of property, plant and equipment for SEK 1,398 million (2,657). Of these commitments, it is expected that SEK 532 million (1,962) will be settled in 2024.

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11 Forest assets

Forest assets consist of two parts: growing trees that are recognized as biological assets in accordance with IAS 41 – Agriculture, and forest land that is recognized in accordance with IAS 16 – Property, Plant and Equipment.

The Group's forest assets are recognized at fair value mainly based on the transaction prices for forest properties in those areas where the Group has forests. Fair value measurement is based on level 3. The total value of the forest assets is allocated across growing trees, which are recognized as biological assets, and forest land. Biological assets are recognized according to IAS 41. The value allocated to the biological assets is established by calculating the present value of expected cash flows, less selling costs, from harvesting those trees currently growing. Calculation of present value uses a discount rate of 5%. The value of the forest land is calculated as the difference between the total value of the forest assets and the biological assets.

The majority of the forests are located in areas close to the mountain areas in Jämtland and Dalarna, where the productivity is rather low. A large portion of the mature forests are very old, over 170 years and have been assessed as not possible to harvest, mainly due to certification criteria, which is reflected in the low value of the biological assets. Approximately 2,000 forest hectares, of which 1,000 hectares are productive, are located close to the Group's production units in Sweden.

According to market statistics, the average price for the forest assets are assessed to approximately SEK 10,900 per hectare. Based on that, the forest assets are valued at SEK 393 million.

Billerud expects to own another 15,400 hectares of forest assets as a result of the transactions with Bergvik Skog Öst AB in 2019, of which around 5,500 hectares are productive forest land, when the cadastral processes for these properties are finalized. These forest assets will be recognized at that time.

SEKm	Forest land		Biological assets		Total	
	2023	2022	2023	2022	2023	2022
Carrying amount at start of year	246	246	147	147	393	393
Revaluation	2	–	–2	–	–	–
Change due to harvesting	–	–	–2	–1	–2	–1
Other changes	–	–	2	1	2	1
Carrying amount at year-end	248	246	145	147	393	393

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12 Right of use assets

SEKm	Vehicles		Office rents		Other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Acquisition value								
Carrying amount at start of year	425	328	246	152	72	14	743	494
Business combination	–	17	–	37	–	46	–	100
New leasing contract	64	84	55	36	35	4	154	124
Modification of contract	2	27	41	57	4	3	47	87
End of leasing contract	–71	–33	–82	–47	–20	–1	–173	–81
Disposals via divestment of business	–1	–	–5	–	–	–	–6	–
Translation differences	–	2	–4	11	–3	6	–7	19
Carrying amount at year-end	419	425	251	246	88	72	758	743
Accumulated depreciation								
Carrying amount at start of year	–205	–149	–105	–65	–27	–5	–337	–219
Depreciation	–90	–85	–76	–65	–29	–23	–195	–173
End of leasing contract	65	29	40	27	2	–	107	56
Disposals via divestment of business	–	–	1	–	–	–	1	–
Translation differences	2	–	4	–2	1	1	7	–1
Carrying amount at year-end	–228	–205	–136	–105	–53	–27	–417	–337
Carrying amounts according to balance sheet	191	220	115	141	35	45	341	406

Other disclosures

SEKm	2023	2022
Lease liabilities		
Current	168	177
Non-current	178	234
Total	346	411
The total cash outflow for leases	194	174
Expense relating to short-term leases	335	312
Expense relating to leases of low-value assets	2	3
Committed lease not delivered	135	52

Expense for short-term leases include rental of train carriages in the Scand-Fiber business of SEK 324 million (304).

For maturity analysis of leasing liabilities and future interest payments amount to SEK 10 million (8) included together with other financial interest payments see Note 21 Financial assets and liabilities.

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13 Participations in associates

SEKm	2023	2022
Carrying amount at start of year	1,156	1,165
Capital contribution to associates ¹	43	8
Business combination ²	–	8
Acquisition of associated companies ³	–	8
Divestment of associated companies ⁴	–82	–2
Dividend	–17	–12
Impairment of associated companies ⁵	–52	–
Participations in associates' profit/loss after tax	–142	–19
Carrying amount at end of year	906	1,156

¹ Capital contributions in 2023 related to Paper Bottle Company A/S and Billerud Viken AS. Capital contributions in 2022 was related to Paper Bottle Company A/S.

² Acquired values is related to the Business combination of Verso Corporation in 2022.

³ Investment in Billerud Viken AS (name changed from Follum Utvikling AS during 2023)

⁴ The divestment of Paper Bottle Company A/S during October 2023. Divestment of Free Form Packaging AB during 2022, no capital result was recognized and a loan was remitted.

⁵ Impairment of Paper Bottle Company A/S.

BSÖ Holding AB Group

In 2019, Billerud sold 89.9% of the shares in BSÖ Holding AB (BSÖ). As a result of the transaction, an excess value of SEK 159 million related to forest land arose, which is included in the value of the shares. Accordingly, the holding in BSÖ Holding AB amounts to 10.1% of the shares and votes.

The holding is classified as shares in an associated company in accordance with IAS 28, although Billerud holds less than 20% of the votes. This is based on the assessment that Billerud is deemed to have a "significant influence" over BSÖ Holding AB under the provisions and definitions of IAS 28. It has been assessed that Billerud doesn't have a controlling influence over BSÖ Holding AB. The decisions and activities that have the main effect on the profitability of BSÖ are in all material respects the result of the management and Board of BSÖ. Billerud has a contractual right to appoint one member of the Board of BSÖ Holding AB. There are five members of the Board in BSÖ Holding AB.

Billerud has an exclusive right to buy wood (through felling rights) from Bergvik Skog Öst AB, a subsidiary to BSÖ Holding AB, through a Wood Supply Agreement. The agreement is valid until June 24, 2034, and is after that automatically prolonged with five year intervals unless it is terminated by either of the parties. For the first 15 years Bergvik Skog

Öst AB has a base volume that should be sold to Billerud, but also a sale option volume regarding additional volumes. If the parties disagree regarding the price, the dispute should first be resolved by an audit, and secondly by an independent group of experts.

Billerud and Bergvik Skog Öst AB also have a Forest Service Agreement until December 31, 2024. The agreement is terminated and will not be prolonged after December 31, 2024. The services involve the practical operational forest management- and administrative services that are necessary on the Bergvik Skog Öst properties. The services do not involve policies and strategic decisions regarding forest management. The management and the Board of BSÖ Holding AB, over which Billerud has no control, make the necessary decisions that have the largest impact on the earnings that BSÖ Holding AB generates, such as use of the option to sell additional volume, extended use of the land, cost budgets, hiring of personnel, choice of suppliers or withdrawal of the operative services when the five-year agreement ends.

Associates

SEKm	Country	Revenue	Earnings	Assets	Liabilities	Shareholders' equity	Proportion owned, %	Carrying amount
2023								
Trätåg AB	Sweden	307	–	69	69	–	50	–
SSG Standard Solutions Group AB	Sweden	194	12	166	50	116	28	33
BSÖ Holding AB Group	Sweden	654	–1,430	12,041	5,391	6,650	10	831
Billerud Viken AS (name changed from Follum Utvikling AS during 2023)	Norway	4	2	69	1	68	50	34
Wisconsin Valley Improvement Company Inc.	US	55	1	153	121	32	23	8
Total								906
2022								
Trätåg AB	Sweden	283	–	45	44	1	50	–
SSG Standard Solutions Group AB	Sweden	168	34	154	37	117	28	31
BSÖ Holding AB Group	Sweden	568	–350	14,142	5,839	8,303	10	997
Paper Bottle Co. A/S	Denmark	7	–10	225	35	190	47	112
Follum Utvikling AS	Norway	–	–	17	2	15	50	8
Wisconsin Valley Improvement Company Inc.	US	53	–	162	129	33	23	8
Total								1,156

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14 Other holdings

Name/Corp. ID no.	Number of shares	Holding in %	Carrying amount, SEKm
2023			
One tenant-owner property	1	–	–
Bergvik Skog Öst AB, 556644-5473	1	0.1	8
Radio Skog AB, 556137-8505	400	10	–
RK Returkartong AB, 556483-8828	28	4	–
Recycl3R Solutions SL, Spain, B-16.557.514	117	10	3
Hanhaa Ltd, UK, 09097664	21,336	13	–
Vericool Inc, US, 47-5317336	543,915	12	–
IUC Norr AB	200	3	–
Total			11

On July 5, Billerud sold its holding in Kezzler AS, for SEK 48 million.

Bergvik Skog Öst AB

Under the contractual arrangements relating to Billerud's shareholding in, and wood supply from, Bergvik Skog Öst AB, Billerud is party to an option agreement which grants Billerud the right to buy back Bergvik Skog Öst AB under certain circumstances. The option agreement includes this right if Billerud is not offered an extension of the Wood Supply Agreement with Bergvik Skog Öst AB when the current contract term expires in 2034, and in the event of certain contractual breaches by parties in the constellation (others than Billerud). Billerud does not itself control the circumstances that can trigger the option. The option agreement is intended to create long-term supply certainty from the forestlands owned by Bergvik Skog Öst AB. Because Billerud does not itself control the circumstances that can trigger the option, the option agreement is as such not deemed to have any value to recognize.

Name/Corp. ID no.	Number of shares	Holding in %	Carrying amount, SEKm
2022			
One tenant-owner property	1	–	–
Bergvik Skog Öst AB, 556644-5473	1	0.1	10
Radio Skog AB, 556137-8505	400	10	–
RK Returkartong AB, 556483-8828	28	4	–
Recycl3R Solutions SL, Spain, B-16.557.514	117	10	3
Kezzler AS, Norway, 983 594 123	5,280,490	8	41
Hanhaa Ltd, UK, 09097664	21,336	13	–
Vericool Inc, US, 47-5317336	543,915	12	–
IUC Norr AB	200	3	–
Total			54

Changes regarding Group Other Holdings are stated in note 21.

15 Inventories

SEKm	2023	2022
Raw materials and consumables	2,593	2,777
Finished goods	3,436	4,391
Work in progress	24	64
Advances to suppliers	84	73
Total	6,137	7,305

Of the inventory of finished goods, SEK 923 million (505) has been measured at net realizable value.

Operating costs include SEK 117 million (45) for impairment of inventories.



16 Shareholders' equity

Share capital

Owners of ordinary shares are entitled to a dividend approved at a later date, and the shareholding entitles the owner to vote at general meetings, with one vote per share. All shares have the same rights to Billerud's remaining net assets. Regarding shares in the company's treasury (see below), all rights are suspended until the shares are re-issued.

Other contributed capital

The shares represent equity paid in by the owners. This includes part of share premium reserves transferred to the statutory reserve at 31 December 2005. Allocations to the share premium reserve from 1 January 2006 onward are also recognized as paid-in capital.

Reserves

Translation reserve

The translation reserve comprises all exchange rate differences arising from the translation of financial reports of foreign operations that have prepared their financial reports in a currency other than the currency that is the Group's functional currency. The Group presents their financial statements in Swedish kronor.

Revaluation surplus

The revaluation surplus is comprised of revaluation of forest land.

Hedging reserve

The hedging reserve comprises the effective portion of accumulated net changes in the fair value of a cash flow hedge instrument attributable to hedge transactions that have not yet occurred.

Retained earnings

Retained earnings including profit/loss for the year includes profit earned by the parent company and its subsidiaries and associates.

Retained earnings also includes revaluation of defined-benefit pensions and net changes in fair value relating to shares in Other holdings.

Previous allocations to the statutory reserve, excluding transferred share premium reserves, are included in this capital item.

Repurchased shares

Repurchased shares includes the acquisition cost of treasury shares held by the parent company. At 31 December 2023, the Group's holdings of treasury shares totalled 1,059,569 (1,261,891).

Dividend

After the end of the reporting period, the Board of Directors proposed to the AGM an ordinary dividend of SEK 2.00 per share, totalling SEK 497 million.

This proposal will be voted on at the AGM on 21 May 2024.

Paid dividend

	2023	2022
Dividend, SEKm	1,864	890
Dividend per ordinary share, SEK	7.50*	4.30

* of which an ordinary dividend of SEK 5.50 per share and an extraordinary dividend of SEK 2.00 per share.

Rights issue

The rights issue in 2022 was reduced by costs of SEK 63 million, net of tax.

Financial position

Billerud's financial target for its financial position is for the long-term ratio of net interest-bearing debt to EBITDA to be less than 2.5.

Group interest-bearing net debt in relation to EBITDA at the end of 2023 was 1.8 (0.6).

For further information regarding share capital, see Parent Company note P16.

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17 Provisions for pensions and similar commitments

Billerud has both defined-benefit pension plans and defined-contribution pension plans.

Sweden

The white collar staff in Sweden has defined-benefit pension plans (ITP plan). In addition to this, there are defined-benefit pensions secured through endowment insurance, along with a provision for non-vested pensions of SEK 17 million (16) in the subsidiary Billerud Skog & Industri AB.

Parts of the ITP plan's pension commitments are secured through provisions on the balance sheet in accordance with the FPG/PRI system.

All newly earned pension contributions within the ITP 2 plan are secured through pension insurance company Alecta.

Alecta cannot provide sufficient information to recognize the ITP plan as a defined-benefit plan, and the plan is therefore recognized as a defined-contribution plan in accordance with UFR 10.

The ITP plan secured with Alecta is a multi-employer defined-benefit plan. Alecta's collective consolidation ratio was 158% (172) at year end. The collective consolidation ratio consists of the market value of Alecta's assets in relation to the insurance undertakings calculated as per Alecta's actuarial assumptions, which do not correspond to IAS 19. Billerud's pension undertakings secured with Alecta constitute a marginal proportion of total undertakings secured with Alecta.

This means that no pension costs for newly earned defined-benefit pension are recognized as defined-benefit.

The recognized defined-benefit pension costs are attributable to previous periods.

Fees for pension insurance with Alecta totalled SEK 129 million (129) for the year.

US

During 2022 Billerud acquired Verso Corporation, which offers pension and retirement benefits to certain employees, under a defined benefit pension plan.

The pension plan provides defined benefits based on years of service multiplied by a flat monetary benefit or based on a percentage of compensation as defined by the plan document. The plan is frozen to new entrants. However, some of the pension plan participants continue to earn service accruals toward their pension benefits.

The defined benefit plan is funded with plan assets that are required to meet at least the minimum funding required under local legislation.

Under the Pension Protection Act, minimum contributions are required until such time that the assets in the plan are sufficient to meet the plan liabilities including any annual increases in those liabilities and all plan expenses. If the plan is overfunded, it is possible that the minimum required contribution will be zero. The plan sponsor may be required to make additional contributions above the minimum required in certain cases as required by the local legislation. A deterioration in the value of plan assets could cause the unfunded status of the pension plan to increase, thereby increasing our obligation to make additional contributions to the plan.

Specification of deferred benefit pension plans and plan assets by country

SEKm	Sweden		US ¹		Other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Present value of obligation for unfunded plans	617	570	–	–	8	7	625	577
Present value of obligation for funded plans	–	–	8,811	9,044	–	–	8,812	9,044
Fair value of plan assets	–	–	–8,783	–8,425	–	–	–8,784	–8,425
Surplus/Deficit	617	570	28	619	8	7	653	1,196

¹ The funding level of the net defined benefit obligation in the US is 100% (93).

Actuarial assumptions

The following material actuarial assumptions have been applied in the calculation of commitments (weighted averages).

	Sweden	US
Discount rate (%)	3.20	5.01
Inflation (%)	1.60	NA
Lifetime	DUS 23	Pri-2012

Sensitivity analysis¹ (%)

Discount rate (+0.5 %)	–36	–372
Discount rate (–0.5 %)	40	402
Inflation (+0.5 %)	40	NA
Inflation (–0.5 %)	–36	NA
Lifetime (+1 year)	31	251
Lifetime (–1 year)	–31	–261

¹ Change in provision for pensions.

The sensitivity analysis is based on a change in an individual actuarial assumption while other assumptions remain unchanged. This method shows the sensitivity of the undertaking to a single assumption. This is a simplified method as the actuarial assumptions are usually correlated.

The average maturity of pension undertakings is around 11 (11) years in Sweden and 9 (9) years in the US.

The primary investment objective of the pension plan asset is to ensure, over the long-term life of the pension plan, an adequate pool of sufficiently liquid assets to support the pension obligation. In meeting this objective, the pension plan seeks to achieve a high level of investment return through long-term stock and bond investments strategies, consistent with a prudent level of portfolio risk.

During 2022 a part of the net-defined benefit obligation in the US was settled. The settlement resulted in a gain of SEK 89 million that was recognized as other operating income in the income statement.



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The movement in the present value of the net defined benefit obligation

SEKm	Present value of obligation		Fair value of plan assets		Total	
	2023	2022	2023	2022	2023	2022
Provision at the start of the year	9,621	816	-8,425	-	1,196	816
Current service cost	57	75	-	-	57	75
Interest income or expense	489	350	-438	-314	51	36
Gains and losses – from settlements	-	-1,846	-	1,757	-	-89
	10,167	-605	-8,863	1,443	1,304	838
Remeasurements						
Return on plan assets	-	-	-866	1,357	-866	1,357
Actuarial changes						
Change in demographic assumptions	7	31	-	-	7	31
Change in financial assumptions	307	-2,006	-	-	307	-2,006
Experience-based adjustments	206	148	-	-	206	148
	520	-1,827	-866	1,357	-346	-470
Translation differences	-349	1,349	358	-1,248	9	101
Contributions:						
Employer	-	-	-268	-116	-268	-116
Payments:						
From the plan	-902	-909	856	866	-46	-43
Business combinations	-	11,613	-	-10,727	-	886
Provision at year-end	9,436	9,621	-8,783	-8,425	653	1,196
of which covered by credit insurance with FPG/PRI					578	534

Of the provision, SEK 48 million (46) is expected to be paid within 12 months. As collateral for pension commitments, the Group has pledged endowment insurance totalling SEK 88 million (81). The Group expects to make cash contributions of SEK 9 million (264) during 2024.

Pension plan asset allocation

SEKm	2023	2022
Cash and cash equivalents	396	430
Bond investments	5,610	3,660
Equity investments	2,593	4,022
Real estate	94	255
Alternatives composite	90	58
Total	8,783	8,425

Of which 91% (89) have a quoted market price in an active market.

SEK 90 million (58) of Alternative composite and SEK 711 million (859) of Equity investments, do not have quoted market price in an active market.

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18 Provisions

SEKm	Severance pay, redundancy pay		Working environment		Restoration costs ¹		Other costs ²		Total carrying amount	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Change for the year										
Carrying amount at start of year	71	68	51	57	277	42	36	27	514	194
Business combinations	–	–	–	3	–	314	–	1	–	318
Provisions made during the year	95	28	9	7	12	39	–	15	122	89
Change in discount rate	–	–	–	1	–7	–64	–	–	–7	–63
Unutilized amount reversed during the year	–27	–2	–1	–1	–	–	–	–	–28	–3
Amount utilized during the year	–48	–24	–3	–16	–6	–14	–	–8	–69	–62
Translation difference	1	1	–	–	–9	39	–	1	–11	41
Carrying amount at end of year	92	71	53	51	379	356	36	36	521	514
of which current portion	57	42	11	11	6	10	36	36	110	99

¹ Restoration costs are related to dismantling, removing or restoring items of property, plant and equipment. Discount rate used is 4.1% (2.9). Expected to be settled within 10-30 years.

² Other mainly relates to property tax.

19 Interest-bearing liabilities

SEKm	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current liabilities				
Syndicated loans	–	–	–	–
Bilateral loans	1,196	1,196	1,196	1,196
Bond loans	3,500	3,580	1,600	1,600
Leasing	178	178	234	234
Carrying amount at year-end	4,874	4,954	3,030	3,030
Current liabilities				
Syndicated loans	–	–	–	–
Bond loans	600	600	1,800	1,806
Commercial papers	1,437	1,437	328	328
Bilateral loans	499	499	99	99
Leasing	168	168	177	177
Carrying amount at year-end	2,704	2,704	2,404	2,410

The majority of the liabilities are due for payment within five years of the end of the reporting period. For information on financial liabilities maturity of financial liabilities see note 21 Financial assets and liabilities.

The difference between carrying amount and fair value is due to the liabilities not being marked to market in the balance sheet and instead being recognized at amortized cost. The Group has no loans recognized at fair value through profit or loss. Fair value of interest-bearing liabilities are done according to level 1 regarding fixed interest rate bonds and hierarchy level 2 regarding other interest-bearing liabilities.

For a definition of value hierarchy, see note 21.

Terms and repayment periods

The agreements for the syndicated loans, bilateral loans and bond loans issued outside the MTN program contain financial obligations (covenants) which must be met for them to be available. These obligations primarily relate to the net debt/equity ratio and interest coverage ratio. All covenants were met throughout 2023. A syndicated credit facility of SEK 5,500 million was signed in June 2023, maturing in 2028. The credit facility replaces the previous facility of SEK 5,500 million, which was due to mature in 2024. The syndicated credit facility was unutilized as of 31 December 2023. The syndicated loans and bilateral loans have variable interest rates.

Billerud had four outstanding bond loans totalling SEK 4,100 million as of 31 December 2023. Of the outstanding bond loans, SEK 2,500 million have variable interest and SEK 1,600 million fixed interest. SEK 2,500 million of the bonds were issued under the MTN program, which was established in 2013. Of the outstanding SEK 4,100 million, SEK 600 million matures in 2024, SEK 1,000 million in 2025, SEK 1,250 million in 2026 and SEK 1,250 million in 2028.

Commercial papers are issued under the program originally established in 2003. The commercial paper program has a framework amount of SEK 4,000 million. Commercial papers have a minimum maturity of one day and a maximum maturity of 364 days. As of 31 December 2023, SEK 1,437 million had been issued in commercial papers.

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20 Accrued expenses and deferred income

SEKm	2023	2022
Employee benefit expenses, including social security costs	1,034	1,298
Delivery expenses	60	136
Wood expenses	317	357
Energy expenses	70	191
Deferred income	170	181
Accrued interest expenses	121	29
Other	448	508
Total	2,220	2,700

21 Financial assets and liabilities

SEKm	Fair value – hedge accounting		Fair value through other comprehensive income		Amortized cost		Total carrying amount		Total fair value	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Valuation classification	Level 2		Level 3							
Other shares and participations	–	–	11	54	–	–	11	54	11	54
Non-current receivables	1	464	–	–	130	77	131	541	131	541
Accounts receivable	–	–	–	–	3,804	5,006	3,804	5,006	3,804	5,006
Other receivables	463	1,193	–	–	616	743	1,079	1,936	1,079	1,936
Cash and cash equivalents	–	–	–	–	2,304	2,046	2,304	2,046	2,304	2,046
Total	464	1,657	11	54	6,854	7,872	7,329	9,583	7,329	9,583
Non-current interest-bearing liabilities	–	–	–	–	4,874	3,029	4,874	3,029	4,954	3,029
Current interest-bearing liabilities	–	–	–	–	2,705	2,403	2,705	2,403	2,705	2,409
Accounts payable	–	–	–	–	5,352	6,702	5,352	6,702	5,352	6,702
Other liabilities	50	259	–	–	436	435	486	694	486	694
Total	50	259	–	–	13,367	12,569	13,417	12,828	13,497	12,834

Outstanding derivatives – hedge accounting

Line in the balance sheet	Currency		Electricity		Natural gas		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Non-current receivables	1	8	–	456	–	–	1	464
Other receivables	245	67	218	1,126	–	–	463	1,193
Total assets	246	75	218	1,582	–	–	464	1,657
Other liabilities (non-current)	–	1	30	–	7	–	37	1
Other liabilities (current)	8	258	–	–	5	–	13	258
Total liabilities	8	259	30	–	12	–	50	259

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The net amount of derivatives in hedge accounting covered by netting agreements is SEK 427 million (1,622) accounted for as asset and SEK 12 million (223) as liability.

The Group enters into derivatives contracts under International Swaps and Derivatives Association (ISDA) master netting agreements. These agreements mean that when a counterparty is unable to settle its commitments for all transactions, the agreement is discontinued and the net amount of all outstanding balances have to be settled. These ISDA agreements do not meet the criteria for set-off, as set-off of ISDA contracts is only permitted if the counterparty or the Group is unable to settle its commitments. There is no intention to settle these balances on a net basis.

Net changes in the value of cash flow hedges recognized in operating profit/loss total SEK -7 million (1,222) in 2023, of which SEK -263 million (-398) are recognized in Net sales.

Fair value of interest-bearing liabilities are done according to level 1 regarding fixed interest rate bonds and hierarchy level 2 regarding other interest-bearing liabilities.

Fair value hierarchy

Level 1. Valuation based on fully observable data, unadjusted listed prices on an active market for identical assets and liabilities that the company has access to at the valuation date.

Level 2. Valuation based on data other than listed prices in level 1 that are directly or indirectly observable.

Level 3. Valuation is based essentially on non-observable data for the asset or liability.

Reconciliation of Level 3 fair values	2023	2022
Carrying amount at start of year	54	70
Liquidation, Bergvik Skog AB	-	-10
Change in fair value/impairment recognized in other comprehensive income, Bergvik Skog Öst AB	-2	-
Change in fair value/impairment recognized in other comprehensive income, Kezzler AS	7	-6
Sale of Kezzler AS	-48	-
	11	54

Valuation of other shares and participations is based primarily on the proportion of the company's equity.

Financial liabilities – maturity structure

(number of years from 31 Dec 2023)	0–1	1–2	2–	Total
Bilateral loans	499	499	697	1,695
Bond loans	600	1,000	2,500	4,100
Commercial papers	1,437	-	-	1,437
Accounts payable	5,352	-	-	5,352
Other liabilities	436	-	-	436
Derivatives in hedge accounting	13	23	14	50
Lease liabilities	168	95	83	346
Total	8,505	1,617	3,294	13,416
Future interest payments	304	204	301	809

For more information on financial risk related to currency hedging, interest rate risk and hedging of energy price risk, see note 22.

22 Financial risks

As a large international company, Billerud is exposed to financial risks related to currency, financing, liquidity, interest rates, energy price, financing, financial credit- and customer credit risk. Financial risks are governed by a finance policy and underlying framework directives for credit and hedging. The following section describes Billerud's financial risk management policies, which correspond to the policies adopted before and during 2023.

Currency risk – transaction exposure

Transaction risk is the risk that changes in exchange rates for export revenues and import expenses will negatively affect Billerud's operating profit and the acquisition cost of fixed assets. The Group has a significant net currency exposure, principally in EUR, USD and GBP. However, the majority of the operating expenses are in SEK, with the exceptions of costs of imported wood raw material, electricity, chemicals and shipping costs, which are primarily affected by EUR and USD exchange rates. Exceptions are also production costs in Finland and the US.

To mitigate the consequences of currency exposure, the Group can hedge forecasted net flows in foreign currencies. The financial policy adopted by the Board provides guidelines for currency hedging, stating that between 0 and 80 percentage of net flows over the forthcoming 15-month period can be hedged. Hedging outside of this policy must be determined by the Board.

The main target for each region is the EBITDA-margin and follow-up of the operating margin, which is measured excluding the earnings effects of hedging currency flows. The effect on earnings of changes in exchange rates for operating capital are managed at Group level and matched against corresponding earnings for currency hedging.

Comments 2023

At the end of 2023, foreign exchange contracts not yet recognized in profit/ loss nominally totaled SEK 4,592 million (5,122). These will be recognized in profit/loss in 2024 and 2025. Net currency flows are estimated to total SEK 6,500 million (7,300) in 2024.

Of forecasted ingoing net flows over the coming 15-month period in EUR, USD and GBP, 77%, 76% and 24% respectively, were hedged at year-end. As of 31 December 2023, the market value of Billerud's outstanding foreign exchange contracts was SEK 232 million (-223), of which SEK 21 million (-68) is the portion of the contracts corresponding to accounts receivable that affected earnings in 2023. The remaining SEK 211 million (-155) will impact Net sales when realized.

Nominal amount of foreign exchange derivatives	2023	2022
EURm	251	353
USDm	228	213
GBPM	15	4
Market value of foreign exchange derivatives, SEKm		
Forward foreign exchange contracts	232	-223

See page 33 in the management report for the hedged share and exchange rates.

In addition to the currency hedging presented above, Billerud has hedging positions related to the investment in the new recovery boiler in Frövi. On 31 December 2023, the outstanding contracts amounted to EUR 22 million with a positive market value of SEK 7 million, accounted for as Other receivable and in Other comprehensive income. The hedged exchange rate was 10.79 SEK/EUR at the end of the year.

Currency risk – translation exposure

Translation exposure is the risk to which Billerud is exposed when foreign subsidiaries' income statements and balance sheets are translated into Swedish krona.

Billerud has assets in foreign currency, mainly through owning assets in Finland and the US.

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Comments 2023

On 31 December 2023, total capital employed in foreign currency was SEK 8,237 (8,313) million, of which SEK 9,781 (8,763) million was financed by shareholders' equity. No net assets are currently hedged.

SEKm	Capital employed	Net borrowings	Net assets
GBP	–	–7	7
EUR	677	–564	1,241
USD	7,577	–906	8,483
Other currencies	–17	–67	50
Total	8,237	–1,544	9,781

Financing risk

The financing risk is the risk of failure to obtain financing, or of only obtaining financing at a sharply increased cost. Access to further financing will be affected by a number of factors including market conditions, the general availability of credit and Billerud's creditworthiness and credit capacity. In addition, access to further financing depends on customers, suppliers and lenders not being affected by negative perceptions about Billerud's long- and short-term financial prospects. Disruptions and uncertainty on the capital and credit markets may also limit access to the capital required to run the business.

In order to ensure that the Group always has access to external financing, the Treasury department must ensure access to short- and long-term credit facilities. The Group aims to achieve cost-efficiency within established limits. The actions of the finance department are governed by the finance policy, which is reviewed annually.

The lender base must also be reasonably diversified to avoid excessive dependence on individual sources of financing. The repayment structure for the Group's loans must be arranged so that loan maturity is evenly spread over time. The company also aims for access to liquidity over the next 12 months to exceed utilization by a minimum of 1.2 times.

Comments 2023

Under the MTN program, SEK 1,800 million in bond loans were repaid and new bond loans of SEK 2,500 million were issued during 2023.

A new syndicated credit facility of SEK 5,500 million was signed in June 2023, maturing in 2028. The credit facility replaces the previous facility of SEK 5,500 million, which was due to mature in 2024. The credit facility was unused at year-end 2023.

In November 2023, a loan agreement totaling SEK 1,300 million was signed with the European Investment Bank, of which SEK 500 million had been utilized at year-end.

The Group repaid commercial papers of SEK 3,658 million and issued new commercial papers of SEK 4,719 million during 2023.

At 31 December 2023, Billerud's net interest-bearing debt totaled SEK 5,927 million (4,581). Interest-bearing debt increased by SEK 2,029 million in 2023. Of the interest-bearing borrowings, SEK 2,536 million was short term, which represented an increase of SEK 309 million during the year. At the end of the year, bond loans totaling SEK 1,800 million and bilateral loans totaling SEK 100 million had been repaid compared with the start of the year. Long-term interest-bearing net borrowings totaled SEK 4,696 million at the end of the year, of which SEK 3,197 million falls due in 2026 or later.

Financial assets and liabilities are disclosed in note 21.

Interest rate risk

Interest rate risk is the possible effect that a change in interest rates may have on earnings. The speed with which a change in the interest rate trend affects earnings depends on the fixed interest term on loans and investments.

The Group may use derivatives to manage interest rate risk. The average fixed interest term (duration) for the entire loan portfolio should be between 1 and 36 months. The fixed interest term for an individual loan or interest rate swap may not exceed 10 years. The Board may, however, determine a longer fixed interest term. To achieve this standard, interest rate derivatives, preferably interest rate swaps and fixed interest loans, can be used.

Price risk is defined as the effect on earnings that may be caused by changes in the price of outstanding capital instruments.

Comments 2023

If the Group's entire borrowing portfolio had a variable interest rate, the effect on earnings in one year from a 1 percentage point change in interest rates would be SEK 72 million (50), based on the total interest-bearing liability of SEK 7,232 million (5,023) at year-end.

The Group's average fixed-interest term was 9 months (2) at year-end. The increase in the fixed interest term was due to issuance of bond loans with fixed interest rates. A 1 percentage point change in interest rates would have an annualized effect of SEK 56 million (39) on earnings, given the current as of 31 December fixed interest term.

Nominal amount, fixed-interest loans	2023	2022
Maturity of less than 1 year	–	800
Maturity of 1–2 years	–	–
Maturity of more than 2 years	1,600	–
Total	1,600	800

Energy price risk

Billerud uses electricity, natural gas, biofuels, oil and LPG. These energy resources account for a significant percentage of manufacturing costs. Increased energy prices result in increased operating expenses and have an adverse impact on operating profit.

The largest factors affecting energy costs are the price of:

- Electricity consumption in the Group, is mainly in the electricity areas SE3 and SE1 in Sweden, HEL in Finland and MichCon in the US
- Natural gas (MichCon)
- Byproducts from wood, recovered byproducts for our recovery boilers and steam turbines

In principle, all own generated power is biofuel-based, and the cost of own generated power follows the trends and risk of wood prices in Europe and partly in the US where also natural gas is a factor.

During 2023 European operations consumed approximately 3.2 TWh of electricity, of which 1.2 TWh was generated in the Group's own back pressure facilities and 2.0 TWh was purchased.

During 2023, the North American operations consumed approximately 1.0 TWh of electricity and 2.0 TWh of natural gas. Billerud North America generated 0.7 TWh of electricity in the Group's own back pressure facilities and 0.3 TWh was purchased.

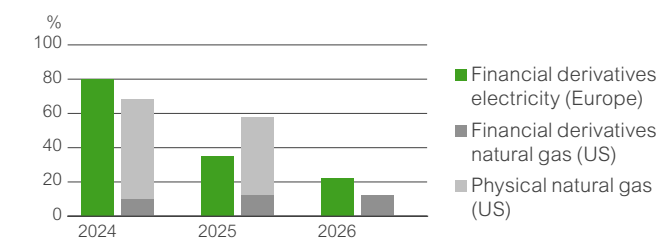
The cost of electricity in Europe is managed through trading in financial derivatives and spot trading. The hedging strategy is to purchase financial contracts corresponding up to 80 % of the estimated physical electricity consumption in Europe that is exposed to the spot price.

The cost of natural gas in the US is managed through trading in financial derivatives, spot trading and physical contracts. During 2023 a hedging strategy for financial derivatives was implemented for natural gas. The financial derivatives will gradually replace the physical contracts upon maturity.

The pace of the financial trading of financial electricity and natural gas derivatives is linear and begins three years ahead of delivery year. Billerud assesses hedge effectiveness at inception of the hedge and on an ongoing basis – at a minimum, at each reporting date or on a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first. The hedge ratio is anticipated to be 1:1. Billerud is also taking continuous measures to increase energy efficiency and decrease greenhouse gas emissions.

Comments 2023

The graph shows Billerud's price hedges in relation to forecast consumption of electricity and natural gas for the next three years. The price hedges includes financial derivatives and physical contracts.



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Market value of Billerud's outstanding financial hedging derivatives related to electricity in Europe, represent a value of SEK 188 million (1,582) of which SEK 218 million (1,126) mature during 2024.

Market value of Billerud's outstanding financial hedging derivatives related to natural gas in the US represent a value of SEK –12 million of which SEK –5 million mature during 2024.

These hedges are accounted for as energy costs and Other external expenses in the income statement at the time of maturity.

Financial credit risk

Credit risk refers to risks such as when a counterparty cannot meet its financial obligations. If measures taken by Billerud to minimize credit and counterparty risk are inadequate, this may have an adverse effect on Billerud's financial position and earnings.

In order to reduce credit and counterparty risk, Billerud's finance policy has defined the size of the counterparty risk that is acceptable based among other things on the counterparty's external credit rating. Billerud also has ISDA agreements with relevant banks.

When calculating credit risks, the positive effects on earnings of derivative contracts with counterparties are also considered. Billerud's maximum credit risk exposure corresponds to the fair value of financial assets, disclosed in note 21.

Comments 2023

At year-end, the total net credit exposure was SEK 2,360 million (2,585). The continued high exposure was explained by a solid cash balance that was maintained throughout the year, along with a positive market valuation of financial derivatives for electricity and currency.

Customer credit risk

Billerud has approximately 2,200 customers and packaging partners in more than 100 countries; the Group's five largest customers account for approximately one-third of the net sales. If Billerud cannot meet the demands made by its largest customers, and if customers do not fulfil

their payment obligations, the Group may be adversely affected. Customers mainly consist of packaging producers, and the relationship with the customer is usually long-lasting. By expanding its customer base, Billerud can reduce its dependence on a small number of customers.

The credit granted to customers varies, depending on the market and the product. The Group has guidelines to control customer credit risk, which consists of applying credit insurance on as much customer credit risks as possible to insure. Exemptions are made for certain major long-standing customers through supply chain solutions. In certain markets irrevocable confirmed letters of credit, advance payments or bank guarantees are applied to safeguard payments.

Comments 2023

Accounts receivable totaled SEK 3,804 million (5,006) on 31 December 2023. Accounts receivable averaged SEK 4,507 million (4,654) in 2023, representing an average customer credit period of around 40 days (40). During the financial year, there were credit losses totaling SEK 8 million. During the year, the subsidiaries within the Managed Packaging group were divested. The provision for doubtful debts amounted to SEK 61 million (67) at the end of 2023.

Provision for doubtful debts

SEKm	2023	2022
Provision at start of year	67	26
Provision for anticipated bad debt losses	14	43
Business combinations	–	4
Divestment of subsidiaries	–3	–
Bad debt recovered	–	–7
Confirmed bad debt losses	–8	–
Decrease due to reversal of provisions for expected credit losses	–8	–
Translation differences	–1	1
Provision at year-end	61	67

Breakdown of accounts receivable by age

SEKm	2023			2022		
	Gross	Impairment	Net	Gross	Impairment	Net
Accounts receivable not due	3,432	–22	3,410	4,508	–20	4,488
Accounts receivable overdue 0–30 days	384	1	385	482	–1	481
Accounts receivable overdue >30–90 days	–11	–1	–12	46	–9	37
Accounts receivable overdue >90–180 days	12	–3	9	–2	–14	–16
Accounts receivable overdue >180–360 days	13	–9	4	31	–16	15
Accounts receivable overdue >360 days	35	–27	8	8	–7	1
Total	3,865	–61	3,804	5,073	–67	5,006

Sensitivity analysis
Impact on profit/loss before tax

Variable	Change	SEKm
Sales volume	+/- 10%	+/- 1,470
Exchange rates, SEK ¹	+/- 10%	–/+ 655
– of which relates to EUR	+/- 10%	–/+ 300
– of which relates to USD	+/- 10%	–/+ 290
– of which relates to GBP	+/- 10%	–/+ 65
Fiber price	+/- 10%	–/+ 1,310
Electricity price ²	+/- 10%	–/+ 150
Natural gas ³	+/- 10%	–/+ 40
Loan rate ⁴	+/- 1 percentage point	–/+ 56

¹ Excluding effects of currency hedging.

² Excluding effects of electricity price hedging.

³ Excluding effects of natural gas price hedging.

⁴ Refers to the loan and interest conditions on December 31, 2023. Interest rate changes and loan amounts in 2024 are not considered.

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23 Remuneration to the board and senior management

Remuneration to the Board of Directors

The Chairman and members of the Board receive remuneration in accordance with resolutions by the Annual General Meeting. Additional fees are paid for work on committees.

Board fees, SEK thousand, Name	Fee for the year		Fee for audit committee		Fee for remuneration committee		Total Fees	
	2023–2024	2022–2023	2023–2024	2022–2023	2023–2024	2022–2023	2023–2024	2022–2023
Jan Svensson	1,700	1,650	–	–	50	50	1,750	1,700
Jan Åström	580	560	200	200	–	–	780	760
Bengt Hammar	–	560	–	–	–	–	–	560
Andrea Gisle Joosen	–	560	–	100	–	–	–	660
Victoria Van Camp	580	560	–	–	25	25	605	585
Florian Heiserer	580	560	100	100	–	–	680	660
Magnus Nicolin	580	560	–	–	–	–	580	560
Regi Aalstad	580	–	100	–	–	–	680	–
Total	4,600	5,010	400	400	75	75	5,075	5,485

Remuneration to the CEO and Group Management

The 2022 Annual General Meeting approved the guidelines for remuneration to senior executives and these are still applicable for 2023. Senior executives include the CEO and other members of the Group Management Team (GMT).

The guidelines' promotion of Billerud's business strategy, long-term interests and sustainability

Billerud is challenging conventional packaging for a sustainable future and this mission describes the purpose of Billerud's business operations. Profitable growth is essential when challenging less sustainable packaging materials and solutions over time. In order to deliver profitable growth, a goal-oriented and intensive work is being undertaken. Billerud's employees are the people that, with a customer focus, are driving the change that is needed to realize the strategy and achieve our ultimate purpose – a sustainable future.

A prerequisite for the successful implementation of Billerud's business strategy and safeguarding of Billerud's long-term interests, including its sustainability, is that Billerud is able to recruit and retain qualified employees with high competence and capacity to achieve set goals. Billerud will challenge conventional packaging for a sustainable future – and it is Billerud's talented and high-performing employees that are the people driving the change that is needed to realize the strategy and achieve this purpose. To achieve this, it is necessary that Billerud offers competitive total remuneration which creates incentives for senior executives. The goal is to create incentives to promote Billerud's business strategy and long-term interests, deliver exceptional results and to link incentives for key persons within Billerud with the shareholders' interests. These guidelines

enable this objective and that GMT members can be offered a competitive total remuneration.

Types of remuneration, etc.

Billerud shall be on market terms as regards compensation levels and terms of employment. The remuneration shall consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Furthermore, the general meeting may resolve on, among other things, share and share price-related remuneration.

The variable cash remuneration to the GMT members is paid based on outcomes in relation to clearly stated goals and shall amount to a maximum of 70 percent of their respective annual fixed cash salary. Reflecting current market conditions, the variable cash remuneration for members of the GMT employed in the US. may amount to a maximum of 150 percent of their respective annual fixed cash salary.

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining GMT members, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 percent of the annual fixed cash salary, and 150 percent of the annual fixed cash salary for members of the GMT employed in the US. Any resolution on such remuneration shall be made by the board based on a proposal from the remuneration committee.

Decisions on long-term share and share price-related remuneration are made by the general meeting – irrespective of these guidelines. Long-term share and share price-related remuneration shall be designed to ensure long-term commitment to Billerud's development and in order for the CEO and GMT members to have a significant, long-term shareholding in Billerud. The outcome of the long-term share and share price-related remuneration shall be linked to certain predetermined performance criteria based on Billerud's share price and/or results.

The Board may also, in order to meet market conditions and mitigate administrative complexity, offer the members of the GMT employed in the US, participation in cash-based long-term incentive programs linked to achievement of pre-determined financial performance targets. The maximum outcome shall have a pre-determined cap amounting to no more than 150 percent of the annual fixed cash salary.

More information about these programs, including the criteria for the outcome, are available on the company's website www.billerud.com/About-Us/Corporate-Governance/ under the headings "Long-term incentive programs" and "Remuneration".

Pension benefits shall be defined contribution. The pension premiums for defined contribution pension shall amount to a maximum of 35 percent of the annual fixed cash salary. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company car. Premiums and other costs related to such benefits may amount to no more than 40 percent of the annual fixed cash salary.

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The decision-making process to determine, review and implement the guidelines

The Board has established a remuneration committee. The committee's tasks include preparing the board's decision to propose guidelines for executive remuneration. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Board shall prepare a proposal for new guidelines where material changes to the guidelines become necessary, and in any case at least every fourth year and submit it to the general meeting.

The remuneration committee shall also monitor and evaluate programs for variable remuneration for the Group Management Team, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in Billerud. The members of the remuneration committee are independent of the company and its Group Management Team. The CEO and GMT members do not participate in the Board's processing of and resolutions regarding remuneration-related matters if they are affected by such matters.

In the case of employment governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The objectives for the Group for variable cash remuneration may change from year to year depending on the Group's focus areas and strategic decisions.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other GMT members, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by Billerud.

Variable cash remuneration shall only be paid provided that Billerud's operating profit is positive, and the remuneration committee shall only use its discretion to decide on variable remuneration in accordance with the goals set out above in a way that implies that there is a link between such compensation and Billerud's result.

Salary and employment conditions for employees

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of Billerud have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth

rate over time, in the remuneration committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to senior executives and remuneration to other employees will be disclosed in the remuneration report.

Termination of employment

In the event of termination of employment of an GMT member, a notice period of a maximum of twelve months and a right to severance pay corresponding to a maximum of the fixed cash salary for one year if the employment is terminated by Billerud. When termination is made by an GMT member, the notice period may not exceed six months, without any right to severance pay. In order to meet market conditions, in relation to members of the GMT employed in the US, Billerud can apply severance pay corresponding to a maximum of 18 months fixed cash salary if the employment is terminated by Billerud and similar situations.

Remuneration to board members elected by general meetings

Board members elected by General meetings in Billerud shall in special cases, be able to be remunerated for services within their respective areas of expertise, which do not constitute board work in Billerud Aktiebolag. For these services, a market-based fee shall be paid, which must be approved by the Board.

Derogation from the guidelines

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve Billerud's long-term interests, including its sustainability, or to ensure Billerud's financial viability. As set out above, the remuneration committee's tasks include preparing the board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Exception from the guidelines adopted by the general meeting

During 2023, Billerud has followed the guidelines for remuneration to senior executives adopted by the annual general meetings in 2022 and 2023 without any exceptions.

SEK thousand, Year	Gross salary	Variable remuneration	LTIP	Other benefits	Pension costs ⁷	Total
Remuneration and benefits to the CEO						
2023 ¹	3,146 ³	786	–	60	644	4,636
2023 ²	22,738 ⁴	627	3,766	51	3,832	31,014 ⁶
2022	9,639 ⁵	5,821	–	63	3,362	18,885
Remuneration and benefits to rest of Group Management Team (including Deputy CEO)						
2023	31,815	16,706 ⁸	2,181	1,632	7,684	60,018
2022	29,348	16,877	2,487	1,351	7,383	57,446

- 1 CEO, Ivar Vatne, August-December 2023.
- 2 CEO, Christoph Michalski, January-July 2023.
- 3 This amount includes paid holiday days, holiday supplement, car supplement, allowances for expenses and lunch coupons totalling SEK 43 thousand in addition to fixed salary.
- 4 This amount includes paid holiday days, holiday supplement, car supplement, allowances for expenses and lunch coupons totalling SEK 317 thousand in addition to fixed salary.
- 5 This amount includes paid holiday days, holiday supplement, car supplement, allowances for expenses and lunch coupons totalling SEK 207 thousand in addition to fixed salary.
- 6 Remuneration for noticing the former CEO, Christoph Mickalski, left Billerud in July 2023, amounted to SEK 18,960 thousand, of which gross salary and severance pay SEK 16,563 thousand, variable remuneration SEK 627 thousand, other benefits SEK 21 thousand and pension costs SEK 1,749 thousand.
- 7 Pension costs do not include ITP2 pension base costs in Sweden that can not be negotiated amounting to SEK 453 thousand (437) for the CEOs and the Group Management team.
- 8 Include retention bonuses of SEK 7,104 thousand related to Region North America.

Comments on the tables

Variable remuneration for 2023 refers to amounts to be paid out in 2024 but charged to 2023, while variable remuneration for 2022 refers to remuneration paid out in 2023 but charged to 2022. The actual amounts are based on financial and individual targets linked to the development of the business and based on profit for 2023 and 2022.

The LTIP for 2023 relates to the benefit value of the outcome of LTIP 2020, and the LTIP for 2022 relates to the benefit value of the outcome for LTIP 2019.

Other benefits include car allowance, accommodation allowance and other taxable benefits.

Pension costs refers to the costs charged to profit/loss for the year.

Long-term incentive program (LTIP)

There are currently three long-term incentive programs (LTIP) ongoing; 2021, 2022 and 2023. The LTIP has a term of three years. The programs extend to members of the GMT members and other key employees within the Billerud Group. The former CEO of Billerud left during the year and therefore does not participate in any of the ongoing programs. The newly appointed CEO (Ivar Vatne) is participating in the ongoing programs on the same conditions as the other members of the group management team in Europe. The North American employees only participates in LTIP 2023.

For all programs a condition to participate is that the employee must hold shares in Billerud corresponding to a certain value determined by the annual general meeting. The GMT must own shares representing 10% of their annual salary and corresponding value for other key personnel are 5% of their annual salary.

Depending on the fulfillment of the performance conditions, the participant within the European operations is awarded with a number of performance shares corresponding to, for the GMT members a maximum outcome of 50% of the annual salary and other key employees have a maximum outcome of 25% of the annual salary.

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For participants within the American operations the performance shares are allotted to an absolute value expressed in US dollars. For participants who are a part of GMT the maximum value is total of USD 450,000 and for other key employees a maximum of USD 375,000. The number of shares awarded after the vesting period are the number that at that time amounts to a value corresponding to the vested amount.

For long-term incentive programs 2021 and 2022 the outcome depends on annual compound average growth rate of Earnings Per Share (EPS CAGR, adjusted for items affecting comparability and exchange rate effects) growth set over a three year period with a straight-line basis between minimum and maximum levels. LTIP 2023 the outcome depends on the same financial performance conditions as LTIP 2021 and LTIP 2022 but is measured as total earnings per share ("Total earnings per share") instead of growth in earnings per share. In addition, conditions for earnings are that the participant remains employed and continues to hold the Billerud shares throughout the three-year period.

If fulfillment of the performance condition is between the threshold and maximum level, the vested amount is determined on a linear basis. If the threshold level is not met, the amount is zero and there is no allotment of performance shares.

Upon allotment of performance shares to the participants, Billerud can reduce the number of shares allocated to cover the participant's taxation of benefits due to the allotment in the share program.

During 2023 employment benefit expenses (including social security cost) amounted to SEK 27 million (41).

The number of shares that are allocated after the end of the vesting period, are the number corresponding to the vested amount.

Maximum possible amount, SEKm	2023	2022
LTIP 2021	29	35
LTIP 2022	27	38
LTIP 2023	76	–
LTIP total	132	73
Share price on 31 December	102,4	127,1
Maximum outcome of shares¹	1,289,710	571,637

¹ Furthermore, share may be withheld to cover the taxation of benefits for the participants.

The table above shows the maximum amount for all outstanding programs (LTIP 2021 – LTIP 2023), at maximum vesting. However, it is not unlikely that full vesting will not be achieved for all programs.

For participating LTIP 2020 and LTIP 2019, the participants had to purchase Billerud shares at market price allocated to the LTIP-program ("saving shares"). The participants were offered to allocate shares equal to a predetermined amount of the base salary.

For rights to performance shares under LTIP 2020 and LTIP 2019, the financial performance objectives were measured at Billerud's annual

organic growth, Billerud's average adjusted EBITDA margin and Billerud's sustainability performance (only LTIP 2020). LTIP 2019 and LTIP 2020 were also dependent on total shareholder return (TSR).

The number of shares allocated during the year for vested programs amounts to 202,322 (87,156).

24 Additional disclosures for the cash flow statement

SEKm	2023	2022
Interest paid and received		
Interest received	92	438
Interest paid	–224	–131
Total	–132	308
Adjustments for items not included in cash flow		
Depreciation, amortization and impairment of assets	2,780	2,480
Financial items	196	114
Pensions and other provisions	–233	–100
Unrealized result from emission rights	17	–69
Share of profit/loss in associates/impairment of investments	194	19
Share-based payments	23	22
Disposal of non-current assets	–14	22
Total	2,963	2,488
Cash and cash equivalents ¹		
The following are included in cash and cash equivalents		
Short-term investments	200	–
Cash and bank balances	2,104	2,046
Total	2,304	2,046

¹ Short-term investments are classified as 'Cash and cash equivalents' when they mature less than three months after the acquisition date and are exposed to only a minor risk of fluctuation in value. Short-term investments consist of deposits to obtain higher interest income.

SEKm	2022	Cash flows	Changes not affecting cash flow				2023
			Leasing	Divestment	Business combinations	Changes in exchange rates	
Non-current interest-bearing liabilities	3,030	1,858	–	–	–	–14	4,874
Current interest-bearing liabilities	2,404	160	143	–	–	–3	2,704
Total	5,434	2,018	143	–	–	–17	7,578

SEKm	2021	Cash flows	Changes not affecting cash flow				2022
			Leasing	Divestment	Business combinations	Changes in exchange rates	
Non-current interest-bearing liabilities	4,824	–1,886	–	–	51	40	3,030
Current interest-bearing liabilities	1,901	249	185	–	49	21	2,404
Total	6,725	–1,637	185	–	100	61	5,434

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25 Events after the end of the period

From January 1, 2024, Billerud changed the name of the operating segment "Solutions and Other" to "Other" as a consequence of the divestment of Managed Packaging and other packaging solutions businesses during 2023.

26 Pledged assets and contingent liabilities

SEKm	2023	2022
Pledged assets for own liabilities and provisions		
Pledged endowment insurance	–	–
Total pledged assets	–	–
Contingent liabilities		
Guarantee commitment, FPG/PRI	10	10
Other guarantees	130	128
Guarantees for associates	1	1
Guarantees for Group companies	–	–
Total contingent liabilities	141	139

Pledged endowment insurance of SEK 88 million (79) are accounted for with net amounts in the Group and are not disclosed as pledged in the table above for the Group.

There are no indications that any pledged securities or contingent liabilities will lead to any outflow of resources.

27 Related parties

The Group has related-party relationships with its subsidiaries and joint arrangements (see P12 in parent company), and associated companies (note 13).

Board members, senior management and close family members to these persons, and companies that those persons have a significant influence over are considered as related parties.

Summary of related-party transactions

SEKm	Year	Sales of goods and services to related parties	Procurement of goods and services from related parties	Liabilities to related parties	Receivables from related parties
Relationship					
BSÖ Holding AB Group ¹	2023	100	377	42	7
Other associates and other related parties	2023	–	90	7	3
BSÖ Holding AB Group ¹	2022	100	336	106	7
Other associates and other related parties	2022	–	100	9	1

¹ Includes BSÖ Holding AB as an associated company and its subsidiary Bergvik Skog Öst AB.

Purchase of steam/electricity from Bomhus Energi AB as a joint arrangement amounted to SEK 314 million (355). These amounts are not included in the table above.

Transactions with key individuals in executive positions

Salaries, remuneration and other benefits are accounted for in notes 5 and 23.



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28 Business combinations

On 31 March 2022, Billerud acquired all shares outstanding in Verso Corporation. As a result of the transaction, Verso common stock ceased trading on the New York Stock Exchange.

The purchase price was USD 27.00 on the outstanding shares and the total purchase price was USD 798 million, or SEK 7,395 million, including settlement of warrants and incentive programs. The acquisition was financed by cash and a bank loan of SEK 6,000 million, whereof around SEK 3,500 million has been refinanced by means of a rights issue in Billerud carried out during the second quarter of 2022. The acquisition of Verso is fully in line with Billerud's strategy to drive profitable growth in paperboard, and the ambition to expand into North America.

At the acquisition of Verso, differences were identified between fair value and the carrying amount for tangible and intangible assets and inventories. Customer contracts have been assessed to have no additional value, since a large part of Verso's operations will be converted into board production.

Since the total purchase consideration exceeded the net value of acquired assets and liabilities, a goodwill of SEK 242 million was recognized. The acquisition had no effect on the first quarter's net sales or profit, due to the fact that the acquisition was made on 31 March, 2022. Acquisition costs amounted to SEK 135 million and was accounted for in 2021 as other external costs. No additional acquisition costs have been accounted for during 2022. Verso's balance sheet was included in the consolidated balance sheet of 31 March, 2022.

For the first quarter 2022, Verso's pro forma net sales was SEK 2,984 million. Verso's pro forma EBITDA for the first quarter, including effects from the conversion to IFRS and excluding transaction costs and severance payments, was SEK 597 million. Verso's pro forma net profit, including effects from the conversion to IFRS and excluding transaction costs and severance payments, amounted to SEK 340 million for the first quarter.

A final acquisition analysis of the transaction is presented below.

SEKm	2022
Acquired balance sheet	
Goodwill	242
Tangible assets, including right of use assets	5,293
Deferred tax asset, net	539
Other non-current assets	87
Inventories	1,552
Accounts receivables	973
Other current assets	85
Cash and cash equivalents	1,402
Total Assets	10,173
Provisions for pensions	886
Other non-current liabilities	459
Accounts payables	697
Other current liabilities	736
Total liabilities	2,778
Purchase consideration	
Purchase consideration	-7,293
Deferred consideration (settlement of warrants and incentive programs)	-102
Total consideration	-7,395
Acquisition costs	-135
Cash and cash equivalents (acquired)	1,402
Net effect on cash and cash equivalents, total	-6,128

29 Divestment of subsidiaries

On 31 August 2023, Billerud divested Managed Packaging to Mimir Group. The divestment resulted in a total capital gain of SEK 23 million. The total capital gain includes a positive effect of accumulated exchange rate differences of SEK 9 million.

The following entities were included in the divestment of Managed Packaging: Billerud Managed Packaging AB, Billerud Managed Packaging Holding AB, Billerud Managed Packaging Inc., Billerud Managed Packaging LLC, Billerudkornäs International Trading (Shenzhen) Ltd Co., Billerud Vietnam Ltd, Managed Packaging Bangladesh Ltd.

SEKm	August 31, 2023
Divested assets and liabilities	
Other non-current assets	17
Current assets	158
Total Assets	175
Non-current liabilities	1
Current liabilities	126
Total liabilities	127
Selling price	
Consideration	83
Selling costs	-21
Deferred selling price	-80
Cash in the divested business	-62
Effect on cash and cash equivalents	-80
Capital result	
Consideration, less selling costs	62
Assets sold	-175
Liabilities sold	127
Capital result	14
Translation differences from foreign operation classified to profit or loss	9
Total capital result	23



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Parent company financial statements

Parent company income statement

SEKm	Note	2023	2022
Net sales	P2	16	290
Other operating income	P3	42	13
Total operating income		58	303
Operating expenses			
Other external costs	P4, P11	-434	-310
Employee benefit expense	P5, P18	-362	-339
Depreciation, amortization and impairment of non-current assets	P9	-	-
Total operating expenses		-796	-649
Operating profit/loss		-738	-346
Financial items	P6		
Profit/Loss from investments in Group companies		73	40
Interest income and similar profit/loss items		495	615
Interest expense and similar profit/loss items		-774	-222
Total financial items		-206	433
Profit/loss after financial items		-944	87
Appropriations	P7	776	3,468
Profit/loss before tax		-168	3,555
Tax	P8	-11	-733
Profit/loss for the year		-179	2,822

Parent company statement of Other comprehensive income

SEKm	2023	2022
Profit/loss for the year	-179	2,822
Other comprehensive income		
Other comprehensive income for the year	-	-
Total comprehensive income	-179	2,822

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Parent company balance sheet

SEKm	Note	31 Dec 2023	31 Dec 2022
ASSETS	P1, P22		
Non-current assets			
Property, plant and equipment	P9	5	4
Forest assets	P10	5	5
Investments in Group companies	P12	15,617	15,628
Receivables from Group companies		318	309
Participations in associated companies and joint ventures	P13	34	7
Other holdings	P14	–	–
Deferred tax asset	P8	21	30
Other non-current receivables		125	75
Total non-current assets		16,125	16,058
Current assets			
Intangible asset	P15	76	77
Accounts receivable		2,715	3,333
Receivables from Group companies		12,654	12,473
Other receivables		19	69
Prepaid expenses and accrued income		98	32
Cash and bank balances	P24	1,213	903
Total current assets		16,775	16,887
Total assets		32,900	32,945

SEKm	Note	31 Dec 2023	31 Dec 2022
SHAREHOLDERS' EQUITY AND LIABILITIES	P1, P22		
Shareholders' equity	P16, P17		
Restricted equity			
Share capital		1,843	1,843
Statutory reserve		149	149
Total restricted equity		1,992	1,992
Non-restricted equity			
Share premium reserve		7,537	7,537
Retained earnings		1,329	348
Profit/loss for the year		–179	2,822
Total non-restricted equity		8,687	10,707
Total shareholders' equity		10,679	12,699
Untaxed reserves	P25	1,300	2,070
Provisions			
Provisions for pensions according to the Social Security Act and similar commitments	P18	284	261
Provisions	P19	24	8
Total provisions		308	269
Non-current liabilities			
Bond loans	P20	2,500	1,600
Other interest-bearing non-current liabilities	P20	2,196	1,196
Total non-current liabilities		4,696	2,796
Current liabilities			
Liabilities to credit institutions	P20	2,536	2,227
Accounts payable		115	83
Liabilities to Group companies		12,954	12,141
Tax liabilities		6	339
Other liabilities		85	64
Accrued expenses and deferred income	P21	221	257
Total current liabilities		15,917	15,111
Total shareholders' equity and liabilities		32,900	32,945

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Parent company statement of changes in equity

SEKm	Note	Restricted equity		Non-restricted equity			Total shareholders' equity
		Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit/loss for the year	
Opening balance, 1 Jan 2023	P16	1,843	149	7,537	348	2,822	12,699
Previous year's profit/loss brought forward					2,822	-2,822	-
Profit/loss for the year						-179	-179
Dividends paid					-1,864	-	-1,864
Share-based payments to be settled in equity instruments					23	-	23
Closing balance, 31 Dec 2023		1,843	149	7,537	1,329	-179	10,679

SEKm	Note	Restricted equity		Non-restricted equity			Total shareholders' equity
		Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit/loss for the year	
Opening balance, 1 Jan 2022	P16	1,537	149	4,408	979	236	7,309
Previous year's profit/loss brought forward					236	-236	-
Profit/loss for the year						2,822	2,822
Rights issue		306		3,129		-	3,435
Dividends paid					-890	-	-890
Share-based payments to be settled in equity instruments					23	-	23
Closing balance, 31 Dec 2022		1,843	149	7,537	348	2,822	12,699

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Parent company cash flow statement

SEKm	Note	2023	2022
Operating activities			
Profit/loss after financial items	P24	-944	87
Adjustments for items not included in cash flow		138	77
Tax paid		-336	-403
Cash flow from operating activities before changes in working capital		-1,142	-239
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating receivables		-3,718	1,511
Increase (+)/decrease (-) in operating liabilities		696	642
Cash flow from operating activities		-4,164	1,914
Investing activities			
Acquisition of property, plant and equipment	P9	-1	-1
Acquisition of shares and shareholder contributions to subsidiaries	P12	-43	-5,083
Sale of shares in subsidiary		-19	-
Acquisition of shares in associates and shareholder contributions	P13	-27	-7
Change in financial receivables		18	-276
Cash flow from investing activities		-72	-5,367
Financing activities			
Rights issue		-	3,497
Rights issue costs		-	-78
Borrowings		7,719	6,328
Repayment of borrowings		-5,506	-7,791
Dividend		-1,864	-890
Settled Group contributions		4,197	115
Cash flow from financing activities		4,546	1,181
Cash flow for the year		310	-2,272
Cash and cash equivalents at start of year		903	3,175
Cash and cash equivalents at year-end		1,213	903

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P1 Significant accounting policies

The parent company prepares its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's standard RFR 2 Reporting by legal entities. Statements on listed companies published by the Swedish Financial Reporting Board are also followed. Under RFR 2, the parent company in its annual report for the legal entity shall apply all IFRS and interpretations endorsed by the EU as far as possible within the limitations of the Annual Accounts Act, the Swedish law safeguarding pension commitments and with consideration for the connection between accounting and taxation.

Functional currency

The functional currency of the parent company is Swedish kronor.

Differences between the Group's accounting policies and those of the parent company

The parent company follows the same accounting principles as described in the Group's note 1, except for as below.

Classification and presentation

The parent company's profit and loss accounts and balance sheet are presented based on the schedule in the Swedish Annual Accounts Act. The differences from IAS 1 Presentation of Financial Statements, which is applied when structuring the consolidated accounts, mainly concern reporting of financial income and expenses, non-current assets and equity.

Operating segments

The parent company does not disclose segment information, but instead discloses net sales by activity and geographical markets.

Forest assets

The revaluation method is not applied in the legal entity and therefore the parent company recognizes forest land at acquisition cost.

Leasing

IFRS 16 leases is not applied by the parent company according to the exception permitted under RFR 2. Lease expenses are recognized as a cost over the life of the lease on a straight-line basis. No right-of-use assets or lease liabilities have been recognized in the balance sheet.

Subsidiaries and associated companies

Participations in subsidiaries and associated companies are recognized in the parent company in accordance with the cost method.

All dividends from subsidiaries and associated companies are recognized in the profit and loss accounts for the parent company. Under special circumstances, such dividends can serve as an indication that the shares have declined in value and thus a test for impairment should be performed.

Emission rights

Billerud AB purchases and manage the surplus of emission rights from Group companies. The emission rights are sold externally and the gains or losses realized on emission rights, are invoiced to the Group companies, regardless if the outcome is positive or negative. This means that the profit and loss effect in the parent company is zero.

Financial instruments and hedge accounting

Because of the connection between accounting and taxation, the rules in IFRS 9 concerning financial instruments and hedge accounting are not applied by the parent company as a legal entity.

The parent company measures non-current financial assets at acquisition cost less any impairment losses and current financial assets at the lesser of cost or market. The cost of interest-bearing instruments is accounted for at acquisition cost.

In currency hedging of receivables and liabilities the forward contract is measured at the forward rate applicable on the day when the derivative contract is entered into, which is usually zero. The gains or losses realized on the currency hedging contracts are recognized continuously in operating profit/loss as a correction of net sales, when they meet and match the profit/loss effect of the hedged transaction.

In order to continuously hedge electricity prices and natural gas, Billerud may enter into derivative contracts for electricity and natural gas. The derivative contracts are measured at the rate applicable on the day when the derivative contract is entered into, which is usually zero. The gains or losses realized on these electricity and natural gas derivative contracts, are invoiced to the Group companies for which the electricity and natural gas purchases are hedged, regardless if the outcome is positive or negative. This means that the profit and loss effect in the parent company is zero.

Recognition of derivatives used for hedging is governed by the hedged item. This means that the derivative is treated as an off-balance-sheet

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Parent company notes

NOTE 1 CONTINUED

item as long as the hedged item is not on the balance sheet or recognized on the balance sheet at cost.

Anticipated dividends

Anticipated dividends from subsidiaries are recognized if the parent company has the sole right to determine the size of the dividend and has determined the size of the dividend before publishing its financial statements.

Employee benefits – Defined-benefit plans

The parent company uses different assumptions than those set out in IFRS when calculating defined-benefit pension plans. The parent company follows the Swedish law on safeguarding pension commitments and the Swedish Financial Supervisory Authority's rules, because they are a condition for tax deductions. The most material differences compared to the IFRS rules are how the discount rate is determined, that the calculation of the defined benefit commitment is based on current salary levels with no consideration of future increases and that all actuarial gains and losses are recognized in the profit and loss accounts as they occur.

Taxes

In the parent company, untaxed reserves are recognized on the balance sheet without dividing them into equity and deferred tax liabilities, unlike in the consolidated accounts. Correspondingly, the parent company does not recognise in its profit and loss accounts deferred tax expense as a part of appropriations.

Shareholder contributions

Shareholder contributions are recognized directly in the equity of the recipient and are capitalised in shares and participations for the contributor, as far as no impairment is determined.

Group contribution

Billerud has elected to apply the alternative rule in accordance with RFR 2, which means that all Group contributions are recognized as appropriations.

P2 Net sales by activity and geographical markets

SEKm	Service		Currency hedging etc.		Total	
	2023	2022	2023	2022	2023	2022
Sweden	338	374	-349	-97	-11	277
Finland	14	12	-	-	14	12
US	12	-	-	-	12	-
Rest of the world	1	1	-	-	1	1
Total	365	387	-349	-97	16	290

The parent company Billerud AB includes head office and support functions.

P3 Other operating income

SEKm	2023	2022
License agreement	14	13
Recharged employee benefit expense	20	11
Temporary rental of staff	1	2
Other	7	-13
Total	42	13

P4 Fees and auditor expenses

SEKm	2023	2022
KPMG		
Auditing assignments	1	2
Auditing activities besides audit assignments	1	1
Tax consultancy	-	-
Other services	-	-
Total	2	3

Audit assignments refer to the audit of the annual report and accounting records as well as the Board of Directors' and CEO's administration of the Company, other tasks incumbent on the Company's auditor and advice or other assistance resulting from observations made during audits or the performance of such tasks. Auditing activities besides audit assignments relate to reviews of attestations, interim reports, etc. that resulted in reports from the auditor. Tax consultancy relates to assignments performed in regard to taxes and other charges. Other services relate to all other assignments not included in the above.

The general meeting of shareholders held on 24 May 2023 resolved that KPMG AB would be appointed as auditor for the period extending up until the end of the 2024 AGM.

In addition to fees and cost reimbursement to KPMG 2022, SEK 4.4 million related to the rights issue has been booked directly against equity.

P5 Employees and employee benefits expense

Average number of employees

	2023	Of which men, %	2022	Of which men, %
Sweden	159	48	131	50
Other countries	5	60	9	33
Total	164	48	140	49

SEKm	2023	2022
Employee benefit costs		
Wages, salaries and other remuneration		
Board, CEO and Group Management Team ¹	69	54
of which variable remuneration	11	17
Other employees	159	143
of which variable remuneration	5	11
Total salaries and other remuneration	228	197
Social security costs		
Contractual pensions for the CEO and Group Management Team		
Defined-benefit pensions	-	-
Defined-contribution pensions	10	10
Contractual pensions, other		
Defined-benefit pensions	-	-
Defined-contribution pensions	48	54
Other social security costs	76	78
Total social security costs	134	142
Total employee benefits expense	362	339

¹ CEO and Group Management Team refers to group management employees in the the parent company. Board refers to the Board of Billerud AB.

Number of women in management positions

%	2023	2022
Group and parent company management¹		
Board ²	33	29
CEO and Group Management Team	25	18

¹ Refers to composition when the annual report is published.
² Excluding employee representatives.

For information about the benefits of senior managers in accordance with the Annual Accounts Act, see note 23 for the Group.



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P6 Net financial items

SEKm	2023	2022
Finance income		
Dividends from Group companies	156	52
Capital gain/loss, subsidiaries	–	3
Net change in exchange rates	–	381
Interest income, Group companies	442	219
Interest income, other	53	13
Other financial income	–	2
Total finance income	651	670
Finance costs		
Interest expense for financial liabilities measured at amortised cost	–346	–129
Impairment losses, subsidiaries	–58	–15
Capital gain/loss, subsidiaries	–25	–
Interest expense for pension provision	–6	–5
Interest expenses, Group companies	–388	–60
Net change in exchange rates	–18	–
Other financial expenses	–16	–28
Total finance costs	–857	–237
Net financial items	–206	433

P7 Appropriations

SEKm	2023	2022
Group contributions, received	6	4,200
Group contributions, paid	–	–3
Tax allocation reserve, resolved	770	371
Tax allocation reserve, provided	–	–1,100
Total	776	3,468

P8 Tax

SEKm	2023	2022
Profit/loss before tax	–168	3,555
Tax expense		
Current tax		
Tax expense for the period	–2	–744
Tax attributable to previous period	–	–
Total current tax	–2	–744
Deferred tax		
Deferred tax income/expense related to temporary differences	–9	11
Total tax expense	–11	–733
SEKm	2023	2022
Reconciliation, effective tax rate		
Tax according to Swedish income tax rate	35	–732
Non-taxable capital gains	–	1
Non-deductible capital losses	–5	–
Tax-exempt dividends	32	11
Impairment of shares	–12	–3
Taxable income, allocation negative net interest, not accounted for	–63	–8
Deductable expenses, not accounted for	–	2
Allocation of shares in incentive programs	–1	–
Non-deductible expenses	1	–4
Other	2	–
Tax according to income statement	–11	–733
Effective tax rate, %	–6.5	20.6

Change in deferred tax in temporary differences

SEKm	2023	2022
Opening balance	30	19
Recognized in Profit and loss	–9	11
Closing Balance, 31 December	21	30
	2023	2022
Deferred tax liability		
Accounts receivable incl. FX-effects	4	–
Total deferred tax liability	4	–
Deferred tax asset		
Negative net interest	6	–
Accounts receivable incl. FX-effects	–	13
Other non-current assets	1	2
Provisions	18	15
Total deferred tax asset	25	30
Total net deferred tax liability(–)/receivable(+)	21	30

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P9 Property, plant and equipment

SEKm	Buildings and land ¹		Equipment		Total	
	2023	2022	2023	2022	2023	2022
Acquisition value						
Carrying amount at start of year	2	2	11	9	13	11
Investments	–	–	1	1	1	1
Translation difference	–	–	–	1	–	1
Carrying amount at year-end	2	2	12	11	14	13
Accumulated depreciation						
Carrying amount at start of year	–	–	–9	–9	–9	–9
Depreciation	–	–	–	–	–	–
Translation difference	–	–	–	–	–	–
Carrying amount at year-end	–	–	–9	–9	–9	–9
Carrying amounts according to balance sheet	2	2	3	2	5	4

1 Of which land is SEK 1 million (1).

In 2023, the parent company did not enter into any agreements regarding future acquisitions of property, plant or equipment.

P10 Forest assets

SEKm	Forest land		Total	
	2023	2022	2023	2022
Acquisition value				
Carrying amount at start of year	5	5	5	5
Carrying amount at year-end	5	5	5	5

P11 Operating leases

Expenses for leasing costs during 2023 amounted to SEK 15 million (16).

Future contractual lease commitments are allocated as follows:

SEKm	2023	2022
Within 1 year	15	15
2-5 Years	18	23
Total	33	38

P12 Investments in Group companies

SEKm	2023	2022
Acquisition value		
Opening balance at start of year	15,829	10,746
Investments ¹	133	5,083
Divestments ²	–86	–
Closing balance at year-end	15,867	15,829
Accumulated impairment losses		
Opening balance at start of year	–201	–186
Divestments ²	–	–
Impairment losses ³	–58	–15
Closing balance at year-end	–259	–201
Carrying amount on the balance sheet	15,617	15,628

1 Investments in 2023 refers to shareholder contributions to Billerud Venture AB of SEK 52 million and Billerud Managed Packaging AB SEK of 81 million regarding non-cash issue for investments in American and Chinese entities. Investment in 2022 relates to shareholder contributions to Billerud Americas Holding Inc. of SEK 5,083 million.

2 Refers to divestment of Billerud Managed Packaging AB.

3 Refers to impairment of the shareholding in Billerud Venture AB.

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**Specification of parent company's investments in Group companies**

Subsidiary/Registered office/Corp. ID no.	Number of shares	Holding in % ¹	Carrying amount, SEKm
Billerud Americas Holding Inc., Delaware	100	100	5,083
Billerud Estonia OÜ, Pärnu	1	100	–
Billerud Finland Oy, Jakobstad	2,500	100	1,167
Billerud France S.A.S., Paris	25,401	100	–
Billerud Germany GmbH, Hamburg	2	100	1
Billerud Italy S.r.l, Milano	–	100	–
Billerud Latvia SIA, Juanjlgava	5,623	100	43
Billerud Lithuania UAB, Klaipeda	200	100	15
Billerud Norway AS, Oslo	30,000	100	–
Billerud India Private Ltd, New Dehli	8,750	100	3
Billerud Singapore Private Ltd, Singapore	500,000	100	3
Billerud Skog & Industri AB, Gävle, 556023-8338	53,613,270	100	8,240
Billerud Spain S.L, Barcelona	–	100	1
Billerud Sweden AB, Stockholm, 556876-2974	2,000	100	1,040
Billerud Venture AB, Solna, 559040-3548	50,000	100	2
BillerudKorsnäs Asia Holding Ltd, Hong Kong	10,000	100	–
BillerudKorsnäs Bangladesh Limited, Dhaka	998	100	–
Billerud Benelux B.V., Amsterdam	200	100	3
Billerud China Limited, Shanghai	–	100	4
NimblePacc Packaging Private Ltd, Haryana	36,908	100	4
Paccess AB, Solna, 556459-7572	1,000	100	–
ScandFibre Logistics AB, Örebro, 556253-1474	10,000	100	8
Total			15,617

In addition to participations directly owned by the parent company, the following companies are part of the Group

Subsidiaries and joint arrangements/Registered office/ Corp. ID no.	Holding in % ¹
AB Marma Skog 75, Gävle, 556802-4359	100
AB Marma Skog 76, Gävle, 556802-4367	100
AB Marma Skog 77, Gävle, 556802-4375	100
AB Marma Skog 78, Gävle, 556904-3465	100
AB Marma Skog 79, Gävle, 559269-7253	100
AB Stjernsunds Bruk, Gävle, 556028-6881	100
Billerud Americas Corportation, Delaware	100
Billerud Americas LLC, Delaware	100
Billerud Commercial LLC, Delaware	100
Billerud Converting LLC, Delaware	100
Billerud Escanaba LLC, Delaware	100
Billerud GB Ltd, Stowe	100
Billerud Quinnesec LLC, Delaware	100
Billerud Rockhammar AB, Lindesberg, 556761-2436	100
Billerud U.S Energy Holding LLC, Delaware	100
Billerud U.S Production Holding LLC, Delaware	100
Billerud Wisconsin LLC, Delaware	100
Bomhus Energi AB, Gävle, 556793-5217 (joint arrangement)	50
Consolidated Water Power Company, Wisconsin	100
Diacell AB, Gävle, 556155-2786	100
Fastighets AB Marma Skog 31, Gävle, 556580-2203	100
Korsnäs Sågverks AB, Gävle, 556024-8477	100
Trävaru AB Dalarne, Gävle, 556044-3920	100
Verso Quinnesec REP LLC, Delaware	100

¹ Participating interest in capital, which is the same as the proportion of votes in the total number of shares..

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P13 Participations in associates

SEKm	2023	2022
Acquisition value		
At start of year	7	–
Acquisition of associated companies ¹	–	7
Capital contribution to associates ²	27	–
Closing balance	34	7

¹ Investment in Billerud Viken AS (name changed from Follum Utvikling AS during 2023).

² Capital contributions in 2023 relates to Billerud Viken AS.

Specification of participations in associates directly owned by the parent company

Company, corporate ID no. and registered office	Votes and capital, %	Carrying amount
2023		
Associates		
Billerud Viken AS (Follum Utvikling AS), Norway	50	34
Total		34
2022		
Associates		
Follum Utvikling AS, Norway	50	7
Total		7

For more information regarding associated companies, see note 13 for the Group.

P14 Other holdings

Name/Corp. ID no.	Number of shares	Holding in %	Carrying amount, SEKm
2023			
SSG Standard Solutions Group			
AB, 556403-1523	7,143	14	–
Total			–
2022			
SSG Standard Solutions Group			
AB, 556403-1523	7,143	14	–
Total			–

P15 Intangible assets

Intangible asset – current (emission rights)

SEKm	2023	2022
Acquisition value		
Carrying amount at start of year	79	28
Purchase	650	534
Sales	–641	–483
Carrying amount at year-end	88	79

	2023	2022
Accumulated impairment losses		
Carrying amount at start of year	–2	0
Impairment	–144	–2
Sales	134	0
Carrying amount at year-end	–12	–2
Carrying amount according to balance sheet	76	77

P16 Shareholders' equity

Restricted equity

Restricted equity may not be reduced by the distribution of profits.

Share capital

The share capital at year-end consists of 249,611,422 (249,611,422) ordinary shares with a quotient value of SEK 7.38 (7.38) and entitling holders to one vote per share.

Statutory reserve

The purpose of the statutory reserve is to save a part of net earnings that is not needed to cover retained losses.

Non-restricted equity

Share premium reserve

When shares are issued at a premium, that is, at a price that is greater than the shares' quotient value, an amount corresponding to the amount received in excess of the quotient value of the shares must be transferred to the share premium reserve.

Retained earnings

These consist of the preceding year's non-restricted equity after payment of dividends, if any. Together with profit/loss for the year this constitutes total non-restricted equity, that is, the amount available for distribution as a dividend to shareholders.

Rights issue

The rights issue in 2022 was reduced by costs of SEK 63 million, net of tax.

P17 Proposed allocation of profit

Non-restricted equity in the parent company consists of:

SEK	
Share premium reserve	7,537,183 856
Retained earnings	1,328,947,848
Profit/loss for the year	–179,422,001
Total	8,686,709,703

The Board proposes that:

SEK	
Dividend to shareholders, 248,551,853 shares at SEK 2.00 per share ¹	497,103,706
and that the remaining amount be retained	8,189,605,997
Total	8,686,709,703

¹ Allocation of shares under the LTIP program in April/May, if any, are not taken into account.

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P18 Provisions for pensions and similar commitments

Billerud has defined-benefit pension plans for white collar staff in Sweden (ITP plan). Billerud also has defined-contribution pension plans.

Parts of the ITP plan's pension commitments are secured through provisions on the balance sheet in accordance with the FPG/PRI system.

All newly earned pension contributions within the ITP 2 plan are secured through pension insurance with Alecta. No pension costs for newly earned defined-benefit pension are recognized as defined-benefit.

SEKm	2023	2022
Pension costs		
Employee benefit costs	58	66
Special payroll tax	16	16
Financial costs	6	5
Total cost of direct pensions	80	87

Provisions for pensions in the balance sheet

The value of pension commitments related to retirement under the management of the company at start of year	191	173
Pension costs ¹	19	25
Financial costs	6	5
Pensions paid	-14	-12

Present value of pension commitments related to retirement under the management of the company at end of year

Commitments paid to endowment insurance held by Billerud	66	57
Other provisions	16	13
Provisions for pensions in the balance sheet	284	261

of which covered by credit insurance with FPG/PRI

	202	191
--	-----	-----

Of the provision, SEK 15 million (14) is expected to be paid within 12 months. As collateral for pension commitments, the parent company has pledged endowment insurance totaling SEK 66 million (57).

¹ Increased pension costs is mainly related to increase in discount rate.

P19 Provisions

SEKm	Severance pay, redundancy pay		Other costs		Total carrying amount	
	2023	2022	2023	2022	2023	2022
Change for the year						
Carrying amount at start of year	3	7	5	9	8	16
Provisions made during the year	26	-	-	-	26	-
Amount utilized during the year	-10	-4	-	-4	-10	-8
Carrying amount at end of year	19	3	5	5	24	8
of which current portion	19	3	5	5	24	8

P20 Liabilities to credit institutions

SEKm	2023	2022
Non-current liabilities		
Syndicated loans	-	-
Bilateral loans	1,196	1,196
Bond loans	3,500	1,600
Other interest-bearing liabilities	-	-
Carrying amount at year-end	4,696	2,796

Current liabilities

Syndicated loans	-	-
Bilateral loans	499	99
Bond loans	600	1,800
Commercial papers	1,437	328
Carrying amount at year-end	2,536	2,227

Repayment periods

(number of years from 31 Dec 2023)	0-1	1-2	2-	Total
Syndicated loans				
Bilateral loans	499	499	697	1,695
Bond loans	600	1,000	2,500	4,100
Commercial papers	1,437	-	-	1,437
Total	2,536	1,499	3,197	7,232

The majority of the liabilities are due for payment within five years after the closing date.

P21 Accrued expenses and deferred income

SEKm	2023	2022
Employee benefit expenses, including social security costs	70	83
Accrued interest expenses	121	29
Other	30	145
Total	221	257

P22 Financial assets and liabilities

SEKm	Amortised cost		Fair value	
	2023	2022	2023	2022
Other non-current receivables	125	75	126	538
Accounts receivable	2,715	3,333	2,715	3,333
Receivables from Group companies	12,972	12,782	12,972	12,782
Other receivables	19	69	461	1,262
Cash and bank balances ¹	1,213	903	1,213	903
Total	17,044	17,162	17,487	18,818
Bond and syndicated loan	4,100	3,400	4,180	3,400
Non-current interest-bearing liabilities	1,196	1,196	1,196	1,196
Current interest-bearing liabilities	1,936	427	1,936	433
Accounts payable	115	83	115	83
Liabilities to Group companies	12,954	12,141	12,954	12,141
Other liabilities	85	65	134	255
Total	20,386	17,312	20,515	17,508

¹ Short-term investments are classified as 'Cash and bank balances' when they mature less than three months after the acquisition date and are exposed to only a minor risk of fluctuation in value.

For more information regarding financial risks see note 22 for the Group.



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P23 Financial risks

For an understanding of the risk exposure in the parent company, the following should be taken into account:

Customer credit

The parent company's accounts receivable represent approximately 60–70% of the Group's accounts receivables, because the production units' accounts receivable in Sweden and Finland are transferred to the parent company after invoicing and are collected by the parent company. However, the risk of any bad debt losses remains with the invoicing company. Of the total provision within the Group for doubtful accounts receivable in 2023, SEK 0 million (0) was attributable to the parent company.

Exchange rate exposure

All forward foreign exchange contracts for the Swedish operations are entered into by the parent company, while the exposure to payment flows in foreign currency is borne by all the Swedish and Finnish production units. Exposure for the parent company is thus lower than that of the forward contracts signed. This applies up to the invoicing date, because the parent company takes over the accounts receivable for the Swedish and Finnish production units. At the end of 2023, foreign exchange contracts not yet recognized in profit/loss for the parent company nominally totaled SEK 4,592 million (5,122), which will be recognized in profit/loss in 2024 and 2025.

Interest rate risk

The Group's external borrowing is conducted primarily via the parent company and accounted for 100% (100) of the Group's total external borrowing on 31 December 2023. As a result, the parent company has the same exposure to changes in interest rates as the Group.

P24 Additional disclosures for the cash flow statement

SEKm	2023	2022
Interest paid and received and dividend		
Dividends received	156	52
Interest received	495	232
Interest paid	–658	–181
Total	–7	103
Adjustments for items not included in cash flow		
Depreciation, amortization and impairment of assets	–	–
Interest adjustment	97	14
Pensions and other provisions	23	11
Share-based payments	23	23
Unrealized exchange rate differences	–7	14
Capital result, sale of subsidiary	25	–
Impairment, subsidiary	58	15
Dividend, shares in subsidiaries	–81	–
Total	138	77
Cash and cash equivalents ¹		
The following are included in cash and cash equivalents:		
Short-term investments	200	–
Cash and bank balances	1,013	903
Total	1,213	903

¹ Short-term investments are classified as 'Cash and cash equivalents' when they mature less than three months after the acquisition date and are exposed to only a minor risk of fluctuation in value. Short-term investments consist of deposits to obtain higher interest income.

SEKm	2022	Cash flows	Changes not affecting cash flow	
			Changes in exchange rates	2023
Non-current interest-bearing liabilities	2,796	1,903	–3	4,696
Current interest-bearing liabilities	2,227	309	–	2,536
Total	5,023	2,212	–3	7,232

SEKm	2021	Cash flows	Changes not affecting cash flow	
			Changes in exchange rates	2022
Non-current interest-bearing liabilities	4,655	–1,899	40	2,796
Current interest-bearing liabilities	1,791	436	–	2,227
Total	6,446	–1,463	40	5,023



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P25 Untaxed reserves

SEKm	2023	2022
Tax allocation reserve		
Carrying amount at start of year	2,070	1,341
Resolved	-770	-371
Provision	-	1,100
Carrying amount at year-end	1,300	2,070

P26 Events after the end of the period

No significant events have occurred after the end of the period.

P27 Pledged assets and contingent liabilities

SEKm	2023	2022
Pledged assets for own liabilities and provisions		
Pledged endowment insurance	66	57
Total pledged assets	66	57
Contingent liabilities		
Guarantee commitment, FPG/PRI	4	4
Other guarantees	99	100
Guarantees for Group companies	620	329
Total contingent liabilities	723	433

The parent company's guarantee commitments for Group companies include Billerud Skog & Industri AB's PRI liability of SEK 318 million (308).

There are no indications that any pledged securities or contingent liabilities will lead to any outflow of resources.

P28 Related parties

The parent company has related-party relationships with its subsidiaries and joint arrangements (see note P12), and associated companies (see note P13).

Board members, senior management and close family members to these persons, and companies that those persons have a significant influence over are considered as related parties.

Summary of related-party transactions

SEKm	Year	Sales of goods and services to related parties	Procurement of goods and services from related parties	Liabilities to related parties	Receivables from related parties
Relationship					
Subsidiaries	2023	365	53	12,954	12,972
Subsidiaries	2022	395	7	12,141	12,782
Associates and other related parties	2023	-	-	-	-
Associates and other related parties	2022	-	-	-	-

Transactions with key individuals in executive positions

Salaries, remuneration and other benefits are accounted for in notes 5 and 23 for the Group.

P29 Information about the parent company

Billerud AB is a Swedish limited liability company with registered office in Stockholm. The shares of the parent company are registered with NASDAQ Stockholm AB. The address of the head office is Box 703, SE-169 27 Solna, Sweden. During 2022, BillerudKorsnäs simplified its name to Billerud to cater its international customers.



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Signatures

The undersigned affirm that the consolidated accounts and the annual accounts, respectively, have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and generally accepted accounting practices and give a true and fair view of the financial position and results for the Group and parent company, respectively.

The directors' report for the Group and parent company, respectively, provides a true and fair view of the Group's and parent company's operations, financial position and performance, and describes material risks and uncertainties faced by the parent company and Group companies. The Annual and Sustainability Report and the consolidated financial statements were approved for publication by the Board on 26 March 2024. The Annual Report also contains the Group's and parent compa-

ny's statutory sustainability reporting in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11.

The consolidated statement of income and comprehensive income and consolidated balance sheet as well as the parent company's statement of comprehensive income and balance sheet will be subject to adoption by the Annual General Meeting of Shareholders on 21 May 2024.

Solna, 26 March 2024

Jan Svensson
Chairman

Regi Aalstad
Member

Magnus Nicolin
Member

Florian Heiserer
Member

Victoria Van Camp
Member

Nicklas Johansson
Member

Jan Åström
Member

Per Bertilsson
Member

Ivar Vatne
Chief Executive Officer

Our audit report was issued on 26 March 2024
KPMG AB

Hök Olov Forsberg
Authorized Public Accountant



Auditor's report

To the general meeting of the shareholders of Billerud AB (publ), corp. id 556025-5001

Translation of the Swedish original.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Billerud AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 28–97 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group

as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis of opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill

See disclosure 9 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Per 31 December 2023, the carrying value of goodwill on the Group's consolidated balance sheet is SEK 2 215 million. The Group's goodwill is primarily attributable to the Region Europe.

Goodwill should annually be subject to at least one impairment test. The assessment of the carrying value is inherently complex and based on the Group's forecasts regarding internal and external conditions and plans. An example of such an assessment is the forecast of future cash flows, which is based, amongst other things, on assumptions about future business developments and market conditions. Another important assumption to evaluate is which discount rate to use in order to correctly reflect market estimates for the time value of money as well as the specific risks that the business is facing.

There is a risk that incorrect assumptions are used when determining the fair value, which could have significant impact on the results and on the financial position.

Response in the audit

We have evaluated whether the goodwill impairment test was performed in accordance with the prescribed accounting method for discounted cash flows.

Moreover, we have considered the reasonableness of the assumptions used by the Group in their future cash flow forecasts (such as predicted sales volume growth, EBITDA-margin developments, working capital and investments), as well as the discount rate used, through evaluation of the Group's written documentation and forecasts.

An important part of our work has also been to analyse the Group's sensitivity analysis of their own valuation to assess how reasonable changes in the assumptions may impact the values.

Furthermore, we have evaluated the disclosures about goodwill and the goodwill impairment test that are included in the group consolidated accounts.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–27, 101–140 and 142–150. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of

Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and

consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key

audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Billerud AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis of opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

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Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report**Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Billerud AB (publ) for year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Billerud AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Billerud AB (publ) by the general meeting of the shareholders on the 24 May 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2015.

Stockholm 26 March 2024
KPMG AB

Hök Olov Forsberg
Authorized Public Accountant

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Sustainability report

General disclosures

About the report

The sustainability report for Billerud AB (publ) is included in this Annual and Sustainability Report 2023. The report covers all the companies in which Billerud has operational control. All subsidiaries are included in the climate data, the EU Taxonomy Disclosure as well as in the financial data. However, they are not included in the rest of the sustainability reporting. In cases where we have other boundaries, this is stated next to the disclosure. The divestment of Managed Packaging on August 31 2023 has resulted in Managed Packaging not being included in the year-end data. Managed Packaging is included in the reporting until the divestment.

The report covers data and information from 1 January 2023 – 31 December 2023. The Billerud sustainability report is prepared in accordance with the Global Reporting Initiative (GRI) guidelines for sustainability reporting, GRI Standards 2021, and comprises pages 36–40, 47–51 and 101–140. Sustainability reporting also includes the statutory sustainability report under Chapter 6, Section 11 of the Annual Accounts Act. The Sustainability Report has been reviewed by KPMG. The report also constitutes our annual reporting to the UN Global Compact, Communication on Progress.

Sustainability reporting is conducted annually. The Annual and Sustainability Report 2022 was published on 5 April 2023. This report was published on 27 March 2024.

Sustainability governance

The principles of Billerud's governance framework as well as the composition, role and the responsibility of the Board of Directors, are described in the Corporate Governance report on pages 36-40. Specific information related to governance with regards to sustainability is specified below.

Responsibility for the sustainability work

Sustainability is at the core of Billerud and a key foundation in the Group's strategy. As the top governing body of the company, the Board of Directors has approved this strategy and continuously monitors and follows up on it. Billerud applies the Swedish Code of Corporate Governance, according to which the Board of Directors is responsible for identifying how sustainability issues impact risks to and business opportunities for the company. The Board of Directors is responsible for defining appropriate guidelines to govern the company's conduct in

society, with the aim of ensuring its long-term value creation capability, and for ensuring that there is an appropriate system for follow-up and control of the company's operation and the risks to the company that are associated with its operations. The highest governing document in the company, the Code of Conduct, has been adopted by the Board of Directors and sets overarching sustainability standards. The Board of Directors also adopts the Group policies, some of which cover sustainability topics.

The CEO and the Group Management Team are responsible for day-to-day operations and implementation of the sustainability goals and strategies set by the Board of Directors. The Sustainability function, which is represented on the Group Management Team, is responsible for developing Billerud's sustainability agenda and for coordinating it across different functions in the company. The Sustainability Group Policy sets out Billerud's overarching ambition regarding the three fundamental pillars of sustainability: environmental, social, and governance (ESG) aspects. The Legal & Compliance function, which is also represented on the Group Management Team, owns the Responsible Business Program, which is designed to ensure that Billerud, in its contribution to a more sustainable world, conducts business responsibly and in compliance with all applicable laws and regulations. Key legal areas in focus for the responsible business program include anti-corruption and human rights. The program includes due diligence processes aimed at detecting risks in these areas.

Management regularly updates the Board of Directors regarding the fulfillment of Billerud's sustainability objectives. This includes, for example, reporting on health and safety at work, climate and whistleblowing cases. The number of whistleblowing cases, types of concerns as well as potential corrective and disciplinary actions following an investigation are reported to the Board of Directors at least annually. The Audit Committee receives a more detailed report quarterly, or as needed to ensure adequate monitoring and oversight. Similar status reporting may be conducted to the Group Management Team.

The Board of Directors review and approve the Annual and Sustainability Report prior to publication.

Assessment of the Board of Directors

Assessment of the Board of Directors includes aspects of the company's sustainability agenda, including whether the Board of Directors has good insight into key strategic sustainability initiatives, whether the Board of Directors has sufficient knowledge and experience to evaluate and challenge management's sustainability agenda, and whether the

Board of Directors spends sufficient time discussing the company's sustainability agenda. Read more about the evaluation of the Board of Directors on page 38.

Remuneration

Billerud's variable compensation scheme for the European operations is designed to promote sustainability targets. In 2023, one of the Group-wide targets concerned Lost Time Injury Frequency Rate (LTIFR). The target was aimed at increasing health and safety in the company and to reduce work-related injuries. Senior executives and senior managers also had an ESG target in their variable compensation scheme for 2023. The target was energy saving expressed as GWh saved in the mills in Europe. As a publicly listed Swedish company, remuneration to the CEO and other senior executives is subject to guidelines determined by the shareholders at the Annual General Meeting (AGM). Any share price based long-term incentive program is subject to approval by the AGM. Billerud uses an independent consultant for global position evaluation and various types of remuneration benchmarking, fixed and variable pay including long-term incentives. Billerud has no clawback clause. Read more about remuneration on pages 40.

Policy commitments

Billerud's Code of Conduct brings together the values, attitudes and guidelines that govern our relationships with each other, with our business partners, and with society at large. The Code of Conduct states that each representative is expected to read, understand and follow the Code of Conduct, keep him/herself informed and updated on the Group's steering documents and consult their manager if the Code of Conduct and/or steering documents do not provide sufficient guidance.

The Code of Conduct is complemented by Group policies, directives and other steering documents. Several of the Group policies address Billerud's sustainability commitments, in particular Group Responsible Business Policy, Group Sustainability Policy, Group Health and Safety Policy and Group People Policy, and are all approved by the Board of Directors.

Billerud expects its business partners to share Billerud's view on sustainability and business integrity. The Group Management Team has adopted the Billerud Supplier Code of Conduct, which imposes requirements on key business partners and is designed to improve social, ethical and sustainability standards throughout the value chain. For responsible purchasing, read more on page 131. Further, Billerud applies specific measures to identify and manage responsible business risks when on-boarding and monitoring sales agents.



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Billerud's sustainability and social commitments are in line with international standards such as the UN Global Compact, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, and ILO Core Conventions. The Billerud Code of Conduct and the eight Group policies are available on Billerud's website. The Group policies are:

1. Health and Safety Policy
2. Governance Policy
3. People Policy
4. Responsible Business Policy
5. Sustainability Policy
6. Communication, Branding and Information Policy
7. Operations, Quality and Procurement Policy
8. Finance Policy

Each Group policy has a policy owner who is responsible for its implementation in the organization, including developing more detailed rules (directives) on the subject. Each Group policy includes a section on how to provide further guidance and how to act in cases of non-compliance. The underlying Group directives and other steering documents are available for employees on the intranet.

Company-wide management systems

The production units and the European wood supply unit have their own certificates for quality, the environment, traceability of wood raw material, energy, food safety, as well as occupational health and safety. Work is underway to coordinate joint processes in management systems.

What was done in 2023:

- Quality (ISO 9001) and environment (ISO 14001). The focus during the year at the European sites was to coordinate identified common processes regarding production sites and on a Group level. In North America, Quinnesec hosted Quality System Registrar (QSR) to conduct a recertification audit on the ISO 14001 certification. This audit was successful, and the mill was recommended for continued ISO 14001 certification. Our Escanaba and Wisconsin Rapids sites have started a process to be certified for quality. Further, Wood Supply Europe has achieved single site certification for quality and environment.
- Energy (ISO 50001). All Swedish mills are ISO 50001 certified and strive for continuous improvement. Our other mills work in accordance with ISO 50001 to ensure continuous energy efficiency.
- Food safety (FSSC 22000). The focus during the year was to coordinate common processes among production sites. Billerud's North America business in Escanaba and Wisconsin Rapids have started a process to be certified for food safety.
- Occupational health and safety (45001). We initiated the process of evaluating our European mills according to ISO 45001. Our ambition is that all European mills are certified according to ISO 45001 by 2025.

Development group

A development group coordinates the work on management systems. It includes representatives of production units within Europe and North America, Wood Supply (Europe) and centrally responsible officers at the Global Environmental and Quality Group, which is part of the sustainability function. The group also follows up work on common processes regarding processes covered by the management system. Other processes more specific to each area within management systems and forest certification are followed up in competence-based groups.

External networks

Examples of membership organizations:

- The Swedish Forest Industries Federation
- ACE – The Alliance for Beverage Cartons and Environment
- EXTR:ACT
- 4Evergreen
- GRACE
- FSC® Sweden
- Swedish PEFC
- CCB – Cepi ContainerBoard
- CEPI Cartonboard
- CEPI CEO Forum
- CEPI Eurokraft
- European Carton Makers Association
- Eurosac
- SIS – Swedish Institute for Standards
- Swedish Shippers' Council
- RISE Research Institutes of Sweden
- Skogforsk
- The Swedish Association of Pulp and Paper Engineers
- Packbridge AB
- Pro Carton
- SSG Standard Solutions Group
- Michigan Manufacturers Association (MMA)
- American Forest and Paper Association (AF&PA)

Certificates at Billerud 2023	ISO 9001	ISO 14001	FSSC 22000	ISO 50001	ISO 45001	FSC® FM	PEFC FM	FSC® CoC	PEFC CoC	SFI® CoC	SFI® Fiber Sourcing
Escanaba								X	X	X	X
Frövi	X	X	X	X				X	X		
Gruvön	X	X	X	X				X	X		
Gävle	X	X	X	X				X	X		
Karlsborg	X	X	X	X				X	X		
Skärblacka	X	X	X	X				X	X		
Pietarsaari	X	X	X			X		X	X		
Quinnesec		X						X	X	X	X
Wisconsin Rapids								X	X	X	
Wood Supply, Europe	X	X				X	X	X	X		

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Our sustainability platform

Billerud is passionate about sustainability, our customers and their business. We believe all aspects of packaging can be improved, and that we can create a better tomorrow by taking action today.

Safety remains Billerud's number one priority, and together with our climate impact and materials for the future, constitutes the three areas that are strategically vital for our future competitiveness. We will continue on our sustainability journey, supported by a foundation that incorporates those aspects which we believe are fundamental to our efforts: resource efficient production, sustainable wood supply, engaging workplaces, responsible supply chain, community engagement and responsible business.

Three sustainability areas that are strategically vital for our future competitiveness



Safety first

- Safe working environment
- Stable and efficient production

Health and safety are prioritized at Billerud. A healthy and safe workplace is a fundamental right, and we work continuously to provide this by identifying and eliminating risks. Safe and healthy environments lower not only incidents and accidents, but also contribute to a more efficient production, and are therefore essential for stable, sustainable and profitable operations. Read more on page 129.



Climate impact

- Minimize CO₂e emissions
- Renewable alternatives instead of fossil resources

Billerud has both a direct and indirect impact on the climate throughout the value chain. We work to reduce direct emissions from our own operations as well as indirect emissions from e.g. purchased goods and services. We also enable customers to lower their carbon footprint through our recyclable products made of renewable material. Read more on page 109.



Materials for the future

- Sustainable products
- Circularity

Our product development work supports the circular economy and high product safety. With each new material that we develop we raise the sustainability benefits for a positive impact on the value chain. We aim for high-performance materials that enable customers to use less material in their packaging and reduce their own carbon footprint. Read more on page 123.

Sustainability foundation

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Our value chain

Billerud works actively to maximise positive impacts and minimize negative impacts along the value chain. Collaboration with business partners and other stakeholders is essential to drive change where it makes the biggest difference.

1 Wood fibers ●●○

The forest meets many needs. Billerud purchased 13.6 million m³ of wood fiber in 2023.

Our impact:

- Direct and indirect impact on biodiversity and the forest's social and cultural assets. This is considered in our forest management and wood supply.
- Regeneration felling increases the breakdown of the biomaterial in the soil for a time and the carbon balance is changed. When new trees start to grow, the forest binds carbon dioxide in again. A growing tree binds more carbon than an already existing tree.

2 Procurement ●●○

Billerud purchases wood raw material, transport, chemicals, energy, materials and services, mainly in OECD countries.

Our impact:

- Indirect impact on environment, working conditions, human rights and fair business practices in the supply chain, which is taken into account through supplier assessments.
- We focus on collaboration and development to reach established climate targets.

3 Incoming and outgoing transport ●●○

Billerud's transports mainly comprise incoming transport of raw materials to the production units and outgoing transport of products to customers from the production units.

Our impact:

- Indirect impact through greenhouse gas emissions from transport suppliers, which is handled through collaboration and development to reach established targets.

4 Operations ●●●

We have around 4,500 employees working at our mills. Billerud's production units account for the company's most significant direct impact from its production of pulp, paper and board.

Our impact:

- Direct impact on our employees' workday. Our highest priority is to provide a safe workplace with fair working conditions and respect for human rights.
- Direct impact through the production units' emissions to air and water, water usage and waste.
- Direct impact through the mills' energy use and use of materials, such as chemicals.
- Direct and indirect impact on local communities.

Billerud proactively manages our impact from operations through management systems, policy commitments and steering documents. We continuously work with monitoring and evaluations. We recycle and reuse as much as possible

in our operations, for example by recovering and reusing wood residues and chemicals.

5 Customers ●●○

Billerud's customers are in the international paper and packaging market and comprise packaging manufacturers and brand owners.

Our impact:

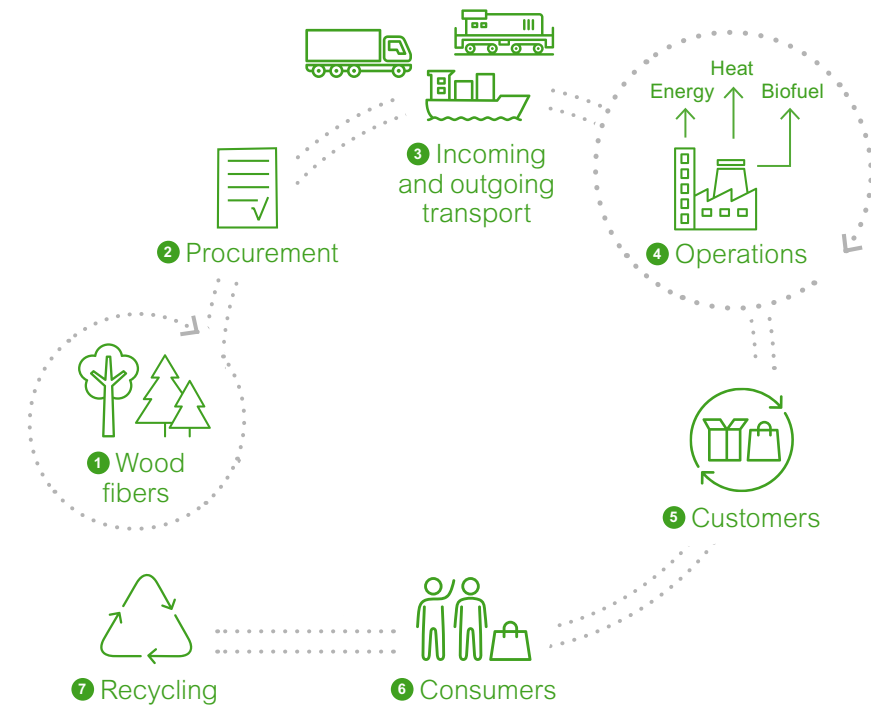
- Giving customers an opportunity to reduce their carbon footprint by replacing fossil-based material with paper from forest raw material. High-quality packaging materials also contribute to a secure and sustainable food supply.
- We are working proactively with customers on product development and innovation.

6 Consumers ●●○

Consumers encounter Billerud's materials practically everywhere – on the store shelf, in the frozen foods aisle, in the fridge and on the move.

Our impact:

- Packaging and paper material that are based on primary fiber preserve the content well, can reduce waste and enable efficient recycling of the material, which means consumers can make greater contributions towards more sustainable development.



7 Recycling ●●○

Billerud's recyclable products are based on renewable material. Paper fibers can be sent for material recovery many times, after which they can be used to produce energy. Constant input of primary fiber is necessary to be able to keep the recycling loop going.

Our impact:

- Enabling the transition to a circular economy based on renewable and recycled raw materials through, for example, collaboration in global networks.

Capacity to influence:
 ●○○ Low ●●○ Medium ●●● High



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Materiality analysis and stakeholder dialogue

In our commitment to sustainability, we conduct materiality assessments. By engaging with stakeholders and weighing the impact of our economic, environmental, and social aspects, we gain valuable insights.

A materiality assessment was conducted in accordance with Global Reporting Initiative in 2019. Since then, we have every year done an overview and updated the material topics when necessary. The identification of topics was based on our ongoing stakeholder engagement processes with internal as well as external stakeholders. Internal workshops were conducted to assess the impact on each topic. The significance of Billerud's economic, environmental and social impacts were weighted, and the substantive influence on the topic and decisions of stakeholders were considered. This materiality analysis forms the basis for our sustainability report 2023.

In preparation for the upcoming EU regulation Corporate Sustainability Reporting Directive (CSRD), Billerud conducted a five-step Double Materiality Assessment (DMA) to identify and score impacts, risks and opportunities (IROs) as a basis for materiality decisions on sustainability matters, as outlined by European Sustainability Reporting Standard (ESRS) 2, during 2023. This process has been based on a combination of review of internal and external documents and interviews with internal stakeholders representing affected stakeholders and users of sustainability statements, as well as a validation session, in the form of a workshop. The final results of the DMA will be presented in the Annual and Sustainability Report 2024.





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Stakeholder dialogue

We have continuous formal as well as informal dialogue with our stakeholders, both internal and external. The purpose of our stakeholder engagement is to listen to, collaborate with, or inform our stakeholders on relevant sustainability topics. The dialogue helps us to understand what is expected from us and how we can meet the requirements and needs of our stakeholders, and also what information to include in our sustainability report.

Stakeholder groups	Main engagement channels	Main topics
Investors		
Shareholders, analysts, potential investors	Annual General Meeting, investor meetings, analyst meetings, questionnaires from analysts	Long-term sustainable economic value development, strategy, challenges, risk management, climate change, environmental impact, labor practices, health and safety, ethics, Code of Conduct, sustainable innovations, regulations
Customers		
Existing customers, potential customers, brand owners, consumers	Meetings, regular business contact, networking and collaborations, fairs, seminars, customer surveys, external reporting systems, audits, customer questionnaires	Sustainable and stable business, Code of Conduct, sustainable forestry and certifications in the supply chain, traceability of our products, environmental impacts of our products and transports, innovation, quality, reusability and recyclability, employee working conditions
Employees		
Current employees	Workplace meetings and safety rounds, management meetings, team meetings, internal training, employee surveys, intranet, incident follow-up, performance reviews and conversations	Code of Conduct, business ethics, leadership, competence development, performance management, cooperation, diversity, health and safety, wellness and health measures, work-life balance
Union representatives	Local collaborative meetings, collaborative forum at Group level, European Work Council, diversity group	Health and safety, competence development, performance management, terms of employment, human rights, diversity, organizational changes
Business partners		
Partners	Close contacts and development projects	Developing sustainable and resource-efficient packaging, sustainable raw materials, innovation, energy efficiency, business models, regulation and politics
Existing suppliers, contractors	Procurement, supplier evaluations, meetings, audits/improvement meetings, trainings	Supplier Code of Conduct, requirements, reduced environmental impact related to products and logistics, health and safety in the workplace
Lenders	Personal meetings, financial communication	Long-term sustainable economic value performance
Society		
Local residents, local societies	Information meetings, events	Emissions to air and water, future plans for the mills, nature conservation issues, impact on reindeer herding, forestry conservation and recreation
Schools, universities, future employees	Regular contacts and cooperation, career fairs at universities and colleges, study visits, lectures, degree projects and essays, networks	Competence need, employment opportunities, training content, internships, company strategies, talent management activities, industry issues, sustainable practices, working conditions, sustainable products and innovation, diversity, corporate culture
Agencies, ministries	Contacts with county administrative boards/municipalities, meetings with decision-makers in the EU institutions, dialogue meetings, consultations	Political issues of significance to the business, e.g. environmental, industrial and transport policy, emissions to air and water, noise, energy, land issues, waste, use of chemicals, forestry
External auditors, certification bodies	Audits, meetings	Legislation and criteria, ISO certifications, FSC®, PEFC and SFI®, nature conservation issues
Industry organizations	Working groups, directorships, inquiries, information meetings, development work, producing opinions on relevant policy issues	Legislation, energy and climate, research issues, standardization, circular economy, waste directives, bio-economy, bio-based products, industry targets, policies and strategies



Targets

Area/KPI	Outcome 2023			Target 2023		Target 2024		Target 2025		Target 2030	
	Europe	North America	Total	Europe	North America	Europe	North America	Europe	North America	Europe	North America
Climate impact											
Reduction of direct and indirect GHG emissions (scope 1 and scope 2) ¹ , %	-	-	-15	-	-	-	-	-	-	-	-42
Reduction of indirect GHG emissions (scope 3) ¹ , %	-	-	-13	-	-	-	-	-	-	-	-25
Transport of wood raw material and finished products ² , g CO ₂ e/ton km	-	-	-	11.1	-	11.0	-	-	-	-	-
Proportion of outbound land transport by rail, %	70	-	-	-	-	-	-	-	-	75	-
Resource efficient production											
Energy consumption, MWh/ton product	5.6	8.0	6.4	5.1	7.4	5.0	7.8	-	-	-	-
Emissions of fossil CO ₂ in the manufacturing process, kg/ton product	28.1	491	151	27	410	26	422	-	-	-	-
Reduction of water usage in our mills ³ , %	-	-	-	-	-	-1	-	-	-	-10	-
Materials for the future											
Proportion of customers who consider that Billerud's work on sustainability creates value ⁴ , %	-	-	-	78	-	79	-	81	-	85	-
Proportion of Billerud's packaging paper that is certified recyclable, %	100	-	-	100	-	100	-	100	-	100	-
Proportion of production units certified according to food safety standards, %	100	-	-	100	-	100	33	100	33	100	100
Sustainable wood supply											
Proportion of domestic wood supply ⁵ , %	99.5	100	-	96	96	96	96	-	-	-	-
Group-certified forest owners in Billeruds group certificates for FSC® and PEFC, no.	258	-	-	250	-	260	-	-	-	-	-
Engaging workplaces⁶											
Proportion of female employees in total, %	23.5	17.2	21.7	27	20	22	-	-	-	-	-
Proportion of female people managers, %	25.8	23.4	25.0	29	29	25.5	-	-	-	-	-
Safety first											
Accidents resulting in absence per million hours worked (own employees and contractors), LTIFR	4.3	1.6 ⁷	3.6 ⁷	3.9	-	2.5	-	<1.5	-	-	-
Responsible supply chain											
Proportion of purchase value covered by supplier assessment ⁸ , %	88	-	-	81	-	83	-	85	-	-	-
Proportion of our supplier spend by signed Supplier Code of Conduct ⁹ , %	91	56	82	75	-	85	-	95	-	-	-
Community engagement											
Number of weeks of work experience (internships, thesis and careers introduction)	905	428	1,333	1,300	-	1,300	-	-	-	-	-
Responsible business											
Proportion of employees who had completed Code of Conduct training, %	-	-	95	95	-	95	-	-	-	-	-

1 Revised calculations for scope 1-3 with new set baseline 2022, including Region Europe and Region North America. Results refer to market-based methodology for scope 2

2 Target is not measured and evaluated, as it is no longer deemed relevant due to revised calculations for scope 3

3 New target 2023 with baseline year 2020

4 The KPI is measured through our customer survey. The latest customer survey was performed in spring 2021 and the next will be conducted during spring 2024. The outcome 2021 was 84

5 Domestic wood supply: Wood sourced from Europe to our European operations. Wood sourced from USA and Canada to our North American operations. Excluding market pulp

6 Updated targets for 2024 to be in line with the industry

7 Exclusive blastomycosis. Data including blastomycosis is disclosed on page 130

8 This target refers to our European operations only. Includes Group purchasing and logistics but excludes Wood supply

9 Over applicable threshold values

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UN Sustainable Development Goals

Billerud has evaluated its impact on the UN's 17 global Sustainable Development Goals (SDGs) and reached the conclusion that it has the greatest opportunity to influence and contribute towards SDGs 8, 9, 12, 13, 14 and 15.

Targets	Our contribution
9.4, 13.1  	Climate impact + We take an active role in the transition of the industry and the market to a more climate-smart production. + Already in 2018 we set Science Based Targets, which will be renewed in 2024. – Paper and board production is an energy-intensive process.
12.4, 12.5 	Resource efficient production + We are moving towards being completely fossil-free at our mills by effectively generating and using energy made from wood products. – Paper and board manufacture entails emissions to air and water. Thanks to continuous environmental efforts, these are checked and limited.
9.5, 12.2, 12.3  	Materials for the future + We are a global leader in manufacturing packaging material for food and take responsibility for keeping food both safe and fresh during distribution to the global market. + We invest in research, product development and innovation which largely takes place in the production plants linked to smaller communities. – Global paper recycling rates must increase. Collaboration, innovation and knowledge are the keys to even better circular flows. – In pace with the increasing need for digital and innovative working methods, a different type of technical expertise is needed in the industry.
15.2, 15.5 	Sustainable wood supply + We source wood raw material from responsibly managed forests and emphasize the importance of forest ecosystems being protected. – Managing forests has a direct impact on biodiversity.

Targets	Our contribution
8.5, 9.2  	Engaging workplaces + Our employees are our most important asset. This is reflected in our internal work on diversity, inclusion and guaranteeing equal pay for equal work. – Our industry does not demonstrate gender equality. We are working actively to get more women interested in the industry and engineering careers.
8.8 	Safety first + Safety is at the top of the agenda and with committed and engaged employees, we can create a zero-accident, safe and inclusive environment. – No employee should be at risk for injury in our workplaces. Safety is our highest priority and we work continuously to identify and eliminate risks.
8.7 	Responsible supply chain + We work to ensure decent working conditions in our supply chains. This is mainly achieved through assessments and close cooperation with suppliers on improvements. – It is hard to attain full control of the entire supply chain. The majority of the total purchasing volume is in OECD countries.
8.6, 14.1  	Community engagement + We are committed to global issues such as plastic pollution in the oceans, and local issues such as arranging work placements and induction for young people.
12.6 	Responsible business + We strive to be completely transparent regarding sustainability information regarding both operations and our products. A growing international value chain increases the complexity and the need for checks on external partners.

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Environment

Climate impact

The impact

Billerud has both a direct and indirect impact on the climate throughout the value chain. Our mills are energy intensive, but we strive to use our resources as efficiently as possible and have, to a large degree, replaced fossil fuels with biofuels. We work to reduce direct emissions from our own operations as well as indirect emissions from example purchased goods and services. We also enable customers to lower their carbon footprint through our recyclable products made of renewable material.

Billerud is committed to implementing measures within all of our operations and to limiting emissions to air in accordance with operating licenses and environmental regulations. We are also committed to utilizing the best available technology.

Our efforts to mitigate climate change are based on the strong belief that climate and sustainability efforts are crucial for the future success of the company, its employees, customers, other stakeholders, and society in general. We have identified climate impact as one of three focus areas (along with safety first and materials for the future) that are strategically vital for our future competitiveness and already in 2018 we set Science Based Targets, which will be renewed in 2024.

Policies

Our climate efforts are governed by the Group Sustainability Policy. The Billerud Sustainability Policy states that Billerud will strive to minimize its impact on the planet, act responsibly and serve as a role model with respect to environmental considerations. The policy is supplemented by underlying directives, such as the Group Directive Environment that provides more detailed rules on Billerud's environmental work.

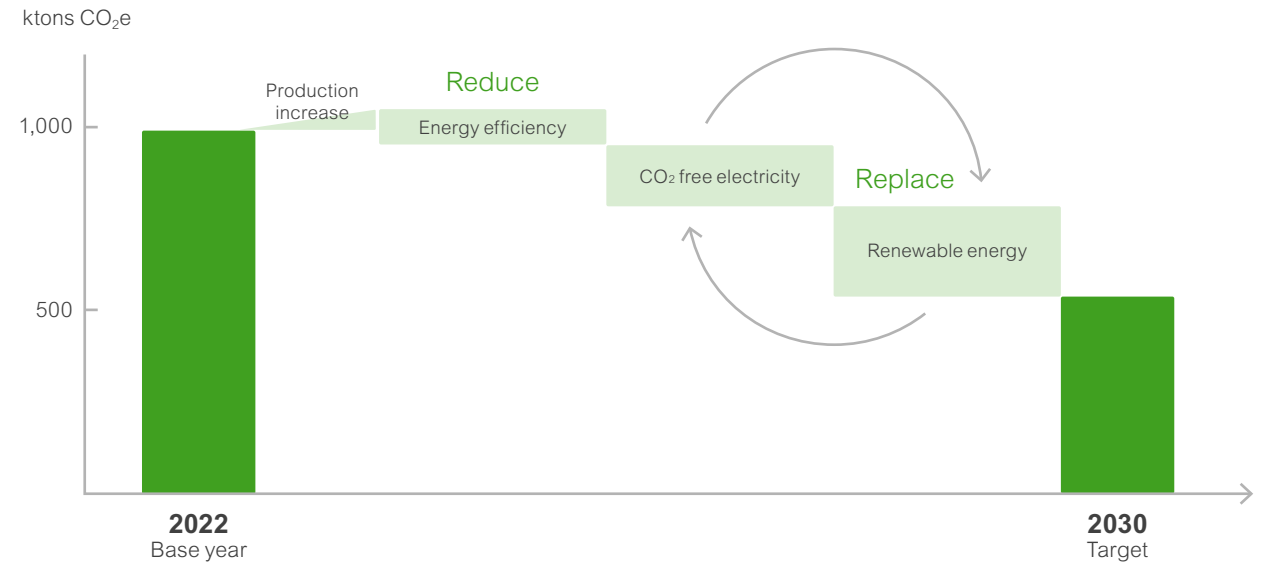
Actions

In 2023, we revised our scope 1-3 calculations (also covering year 2022) for Billerud as a whole to cover both Region North America and Region Europe. This change follows our completion of the integration of Verso, a US-based company acquired by Billerud in 2022. Even though Billerud's operations are largely fossil fuel-free, particularly in our European operations, we continue to eliminate the remaining emissions through a number of investments and actions. Our long-term goal is to achieve a carbon footprint at our North American mills that is best in class in North America and as close as possible to the footprint at our European operations.

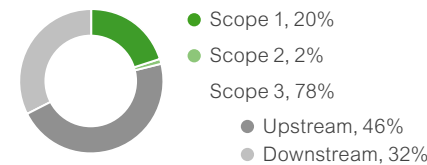
We have updated our greenhouse gas emission reduction targets and we will continue to develop roadmaps with 2022 as the new baseline year. Targets will be submitted to the Science Based Targets initiative (SBTi) during 2024 and are subject to verification by the SBTi. In 2024, we will also set a target of net zero emissions.

Roadmap to reach our scope 1 and 2 by 2030

Europe and North America



Distribution of CO₂e, 2023, %



Scope 1 and 2

Our scope 1 and 2 were revised to address additional areas and we have high ambitions in North America where there is greater potential for energy improvements and decarbonization than in Europe. This includes phasing out coal and tire-derived fuel from North American operations. Efforts are currently underway to substitute fossil fuel with biofuel. The dependence on oil and gas is higher at our North American

operations where about 28% of our energy consumption is fossil-fuel based in our mills. Our mills in Europe are 98% fossil-fuel free.

In our efforts to reduce the greenhouse gas emissions related to purchased energy, we purchase CO₂e Emission Free Energy Credits (EFECs) for our North American mills. In 2023, 60% of our purchased electricity was covered by EFECs, which led to a reduction of emissions from fossil fuels.

In 2023, we inaugurated a new recovery boiler at our Frövi mill. The SEK 2.6 billion boiler investment runs entirely on biofuel and will contribute to lowering emissions to air, as well as improving our resource and energy efficiency. The recovery boiler is a vital part of the chemical recovery process carried out at the Frövi mill and extensive training was held for employees during the year.

Scope 3

In addition to revising our scope 1 and 2 calculations, we also revised scope 3 to include both North America and Europe. In 2024 we will work to see how we can lower emissions through, for example, working closely with our suppliers, and upstream and downstream transport.

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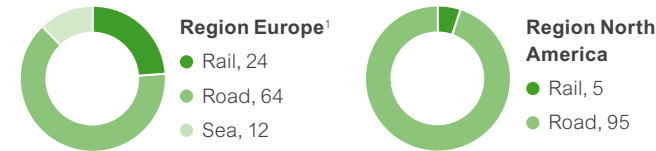
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We use renewable and non-renewable chemicals in our manufacturing and during the year we confirmed chemicals as a continued area with a high climate impact. One focus will be to work together with our suppliers to reduce emissions from chemicals by, for example, finding substitutes with lower environmental impact.

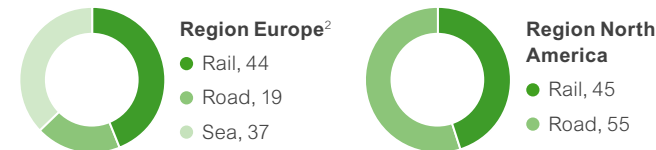
Transport is another area of focus, and we actively encourage the transition to a fossil fuel-free fleet by continuing to choose more sustainable modes of transport and monitoring developments in technology and fuel, railway expansion and the electrification of roads. During 2023 we initiated a project to reduce and consolidate terminals and reduce the proportion of vehicle transports in our downstream transports from the European mills.

The majority of Billerud's inbound transports of wood raw material are by road. For outbound transport, Billerud has greater opportunities to steer towards fossil-free alternatives as transport from the mills to our customers is well suited for rail. Our ambition is to decrease the proportion of outbound land transports by road and to increase the proportion by rail. The target is to increase the outbound land transports conducted by rail to 75% by 2030 in Europe. In 2023, 70%² (70²) of the outgoing land transports from our European mills traveled by rail, so we are well on our way to achieving our 2030 target. Our long-term goal is to have zero greenhouse gas emissions from outgoing transports by 2050.

Transport to production units, 2023, %



Transport from production units, 2023, %



¹ Revised calculations with an extended scope
² Revised calculations regarding sea transport

Carbon capture and collaborations

Billerud completed a feasibility study on a joint venture with the Viken Skog in Follum, Norway, to establish production of bleached chemi-thermomechanical pulp (BCTMP). The project is aligned with the Norwegian

government's ambition to increase the country's sustainable industry based on forest and wood resources. The joint venture would secure BCTMP and wood supply for Billerud's board products. The project includes the production of biogas and uses excess heat for district heating.

Together with Viken Skog, Billerud is investigating the possibility to produce high-quality BCTMP with a low carbon footprint. The project opens up an opportunity to implement bioenergy carbon capture and utilization or storage technology (bio-CCUS). The technology can substantially help in the efforts to mitigate climate change. In another bio-CCS project, Billerud is working with Luleå University of Technology in Sweden to investigate ways to store the captured CO₂ in bedrock. If successful, this solution could be applied to several pulp and paper sites with similar geological conditions.

Targets and metrics

Definition	Outcome 2023	Target 2030
Reduction of direct and indirect GHG emissions (scope 1 and scope 2) ¹ , %	-15	-42
Reduction of indirect GHG emissions (scope 3) ¹ , %	-13	-25

¹ Revised calculations for scope 1-3 with new set baseline 2022 including our operations in Europe and North America. Results refer to market-based methodology for scope 2

Comment on outcome

The outcome for 2023 showed a reduction of emissions in scope 1 and 2, one main reason being decreased fossil fuel usage in North America. The result also showed a reduction of emissions in scope 3, partly due to reduced volumes of materials such as chemicals and pulp. Less business travel and overall less waste generated in operations also had an effect, among other things.



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	Retrospective		
	2022 (base year)	2023	% 2023/2022
Scope 1 GHG emissions			
Gross scope 1 GHG emissions (tCO ₂ e)	928,263	778,627	-16%
Scope 2 GHG emissions			
Gross location-based scope 2 GHG emissions (tCO ₂ e)	429,655	389,370	-9%
Gross market-based scope 2 GHG emissions (tCO ₂ e)	91,118	88,671	-3%
Significant scope 3 GHG emissions			
Total Gross indirect (scope 3) GHG emissions (tCO ₂ e)	3,458,852	3,006,061	-13%
1 Purchased goods and services	1,371,336	1,127,905	-18%
2 Capital goods	140,000	137,179	-2%
3 Fuel and energy-related activities (not included in scope 1 or scope 2)	206,274	131,262	-36%
4 Upstream transportation and distribution	385,770	363,813	-6%
5 Waste generated in operations	2,393	2,041	-15%
6 Business traveling	1,179	704	-40%
7 Employee commuting	5,300	5,522	4%
8 Upstream leased assets	N/A	N/A	-
9 Downstream transportation	289,050	318,878	10%
10 Processing of sold products	750,272	657,067	-12%
11 Use of sold products	N/A	N/A	-
12 End-of-life treatment of sold products	307,000	261,424	-15%
13 Downstream leased assets	N/A	N/A	-
14 Franchises	N/A	N/A	-
15 Investments	279	266	-5%
Total GHG emissions (tCO₂e)			
Total GHG emissions (location-based) (tCO ₂ e)	4,816,770	4,174,058	-13%
Total GHG emissions (market-based) (tCO ₂ e)	4,478,233	3,873,359	-14%

	2022	2023	% 2023 / 2022
GHG intensity per net revenue			
Total GHG emissions (location-based) per net revenue ¹ (tCO ₂ e/SEKm)	113	101	-10%
Total GHG emissions (market-based) per net revenue ¹ (tCO ₂ e/SEKm)	105	94	-11%

¹ See page 142 for financial figure

	2022	2023
Biogenic emissions		
Biogenic emissions (tCO ₂ e)	6,939,377	5,834,000

Comments

Revised calculations for scope 1-3 to cover both Region Europe and North America with new baseline 2022.

Billerud follows the standards provided by GHG Protocol (GHG Corporate Accounting and Reporting Standard, the GHG Protocol Scope 2 Guidance and the Corporate Value Chain Scope 3 Accounting and Reporting Standard). We apply the operational control approach, and our scope covers both the parent company and subsidiaries. The emissions include CO₂, N₂O, HFCs PFCs, SF₆ and NF₃. Our scope 2 emissions are reported in accordance with both the location-based and market-based approach.

We use an activity-based methodology for scope 1-2 and a hybrid-based methodology for scope 3, using a variety of activity-based and spend-based data. Spend-based data has been applied to scope 3.2 and partly to scope 3.1. Estimations are made in alignment with the GHG Protocol. No exclusions have been made. We use emission factors in line with global standards, with a majority originating from DEFRA, EPA and Ecoinvent. No calculation tool was used.



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EU Taxonomy disclosure

The European Union has introduced the EU taxonomy as part of the action plan on financing sustainable growth. For 2023, Billerud is required to report on taxonomy alignment for the two overarching environmental objectives *Climate change mitigation*, *Climate change adaptation*, and eligibility for the four environmental objectives *Sustainable use and protection of water and marine resources*, *Transition to a circular economy*, *Pollution prevention and control*, and *Protection and restoration of biodiversity and ecosystems*.

Identifying and assessing taxonomy eligible activities

Relevant economic activities for Billerud have been assessed based on the Taxonomy Directive (EU 2020/852) and related delegated acts, hereafter "the taxonomy". Billerud's main economic activities, production of paper and board, are not included in the current version of the taxonomy.

The threshold used for assessing relevant economic activities is that it generates external revenue, net sales in the consolidated income statement. Internal consumption that does not generate external revenues has not been included in the taxonomy eligible environmental economic activities. Economic activities related to the latter listed five objectives have not been deemed relevant due to the fact that they don't generate external revenues, operating expenses, or investments. The assessment identified four relevant economic activities described below.

A yearly analysis is made with the relevant departments within Billerud to make sure that the activities fulfil the requirements for alignment, both regarding significant contribution and principles regarding Do No Significant Harm. Compliance with Minimum Safeguards are supported by Billerud steering documents, including the Code of Conduct, Supplier Code of Conduct, Group Sustainability Policy, Group Health and Safety Policy, and Group Environmental Directive. Billerud has not been convicted in any legal cases related to human rights, corruption, taxation, or unfair competition during the year.

Accounting policy – denominator

Total turnover for the Group equals net sales (Note 2) in the consolidated income statement according to IFRS.

Total Capex, in accordance with the taxonomy definition, are investments in tangible and intangible assets in the consolidated statement of cash flows and through business combinations and new and modified leasing contracts in Note 13 Right of Use Assets.

Total Opex, in accordance with the taxonomy definition, consists of the following items:

- Short term and low value leases according to Note 13, Right of Use Assets.
- Maintenance and Repair of Property, Plant and Equipment accounted for as other external costs in the consolidated income statement.

Forest management

The economic activity described in the taxonomy focuses mainly on forest owners. Only a small fraction of Billerud's wood supply comes from fully owned forests. However, for a share of the wood supply, Billerud has been engaged in and had some influence and insight over the forest management practices related to Bergvik Skog Öst's forests. The external revenues from this part of the wood supply are also deemed relevant from a taxonomy perspective. The main support for this conclusion is practice of the forestry plans.

The external turnover includes sale of wood to sawmills and other forestry companies, and forestry services from Bergvik Skog Öst forests and fully owned forests. The external revenues that are included as taxonomy aligned is a non-complex transaction and there is no risk for double counting.

No Opex and Capex relating to the taxonomy definition of forest management have been identified.

Cogeneration of heat/cool and power from bioenergy and production of heat/cool using waste heat

Billerud's production units produce large amounts of steam and electricity. At our production unit in Gävle there is a joint arrangement with Bomhus Energi AB, which supplies district heating to external parties and our production unit in Gävle.

External turnover include 50% of total net sales of Bomhus Energi AB, accounted for as net sales in the consolidated income statement. Opex is related to maintenance and repair in Bomhus Energi AB, of which 50% are included in the consolidated income statement as Other external costs.

Nuclear and fossil gas related activities

Nuclear energy related activities

1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

Fossil gas related activities

4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Capex is related to capital expenditures in Bomhus Energi AB, of which 50% are included in Note 11 Property, Plant and Equipment on the row Investments.

Bomhus Energy AB is a standalone company and there is no risk of double counting. There are no closely related activities that are included in this taxonomy reporting.

Freight rail transport

Billerud's fully owned subsidiary, ScandFibre Logistics AB, operates freight rail transports for its own and other forestry industry companies' outbound transports. ScandFibre Logistics AB operates under the Rail 22 standard, which is assessed to be in line with the alignment requirements.

External turnover in ScandFibre Logistics AB, related to freight rail transport is included in the net sales in the consolidated income statement.

Opex is the proportion of short-term leases of railway carriages and repair of them, in relation to the external turnover and total turnover in ScandFibre Logistics AB. Opex is accounted for as Other external costs in the consolidated income statement.

Capex is the new leasing contracts during 2023, and is included in Note 13, Right of Use Assets.

ScandFibre Logistics AB is a standalone company and there is no risk of double counting. There are no closely related activities that are included in this taxonomy reporting.

Acquisition and ownership of buildings

Billerud has office leases accounted for as Use of Right Assets in Note 12, that is taxonomy eligible. Billerud activates investments in owned buildings in the fixed assets register. No evaluation if they are taxonomy environmentally sustainable activities (aligned) has been made.



Taxonomy – Turnover

Proportion of turnover from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Economic Activities (1)		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Activity	Code	Turnover (SEKm)	Proportion (%)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion (%)	Category enabling activity (19)	Category transitional activity (20)
Forest management	CCM 1.3	433	1.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.9%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	177	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	-	Y	Y	0.4%		
Production of heat/cool using waste heat	CCM 4.25	22	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	Y	Y	Y	0.0%		
Freight rail transport	CCM 6.2	438	1.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	Y	-	Y	1.1%		
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		1,070	2.6%	2%	0%	0%	0%	0%	0%	-	Y	Y	Y	Y	Y	Y	2.4%		
Of which enabling			%	%						-	-	-	-	-	-	-	%		
Of which transitional			%	%						-	-	-	-	-	-	-	%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		-	0,0%	0	0	0	0	0	0								0.0%		
A. Turnover of taxonomy-eligible activities (A.1+A.2)		1,070	2,6%	%	%	%	%	%	%								2.4%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of taxonomy- non-eligible activities	40,154	97.4%
TOTAL	41,224	100%

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Taxonomy – Capex

Proportion of Capex from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) Capex, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	Capex (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Economic Activities (1)		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Forest management	CCM 1.3	0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.0%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	4	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	-	Y	Y	0.0%		
Production of heat/cool using waste heat	CCM 4.25	0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	Y	Y	Y	0.0%		
Freight rail transport	CCM 6.2	1	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	Y	-	Y	0.0%		
Capex of environmentally sustainable activities (taxonomy-aligned) (A.1)		5	0.1%	0.1%	0%	0%	0%	0%	0%	-	Y	Y	Y	Y	Y	Y	0.0%		
Of which enabling			%	%						-	-	-	-	-	-	-	%		
Of which transitional			%	%						-	-	-	-	-	-	-	%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
					EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL									
Acquisition and ownership of buildings	CCM 7.7	610	18.1%	%	%	%	%	%	%								2.1%		
Capex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		610	18.1%	%	%	%	%	%	%								2.1%		
A. Capex of taxonomy-eligible activities (A.1+A.2)		615	18.2%	%	%	%	%	%	%								2.1%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Capex of taxonomy- non-eligible activities	2,763	81.8%
TOTAL	3,378	100%

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Taxonomy – Opex

Proportion of Opex from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2.) Opex, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	Opex (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Economic Activities (1)		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Activity	Code	Opex (SEKm)	Opex (%)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2.) Opex, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Forest management	CCM 1.3	0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.0%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	-	Y	Y	0.0%		
Production of heat/cool using waste heat	CCM 4.25	16	0.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	Y	Y	Y	0.9%		
Freight rail transport	CCM 6.2	130	5.9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	Y	-	Y	6.2%		
Opex of environmentally sustainable activities (taxonomy-aligned) (A.1)		146	6.6%	6.6%	0%	0%	0%	0%	0%	-	Y	Y	Y	Y	Y	Y	7.1%		
Of which enabling			%	%						-	-	-	-	-	-	-	%		
Of which transitional			%	%						-	-	-	-	-	-	-	%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Opex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		-	0.0%	%	%	%	%	%	%								0.0%		
A. Opex of taxonomy-eligible activities (A.1+A.2)		146	6.6%	%	%	%	%	%	%								7.1%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Opex of taxonomy- non-eligible activities	2,060	93.4%
TOTAL	2,206	100%

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Climate-related information in accordance with TCFD

Background

The Task Force on Climate-related Financial Disclosures (TCFD) is an initiative under which companies can voluntarily opt to report on how climate risks and opportunities may affect future profitability. By analyzing and reporting in line with TCFD's recommendations, Billerud gets a better understanding of how the company is affected by climate-related events, both in terms of risks and opportunities.

This analysis then forms the basis for strategic considerations and is also an important part of increasing transparency to make it easier for investors and other stakeholders to make informed decisions and a fair assessment of Billerud's long-term opportunities for profitable growth.

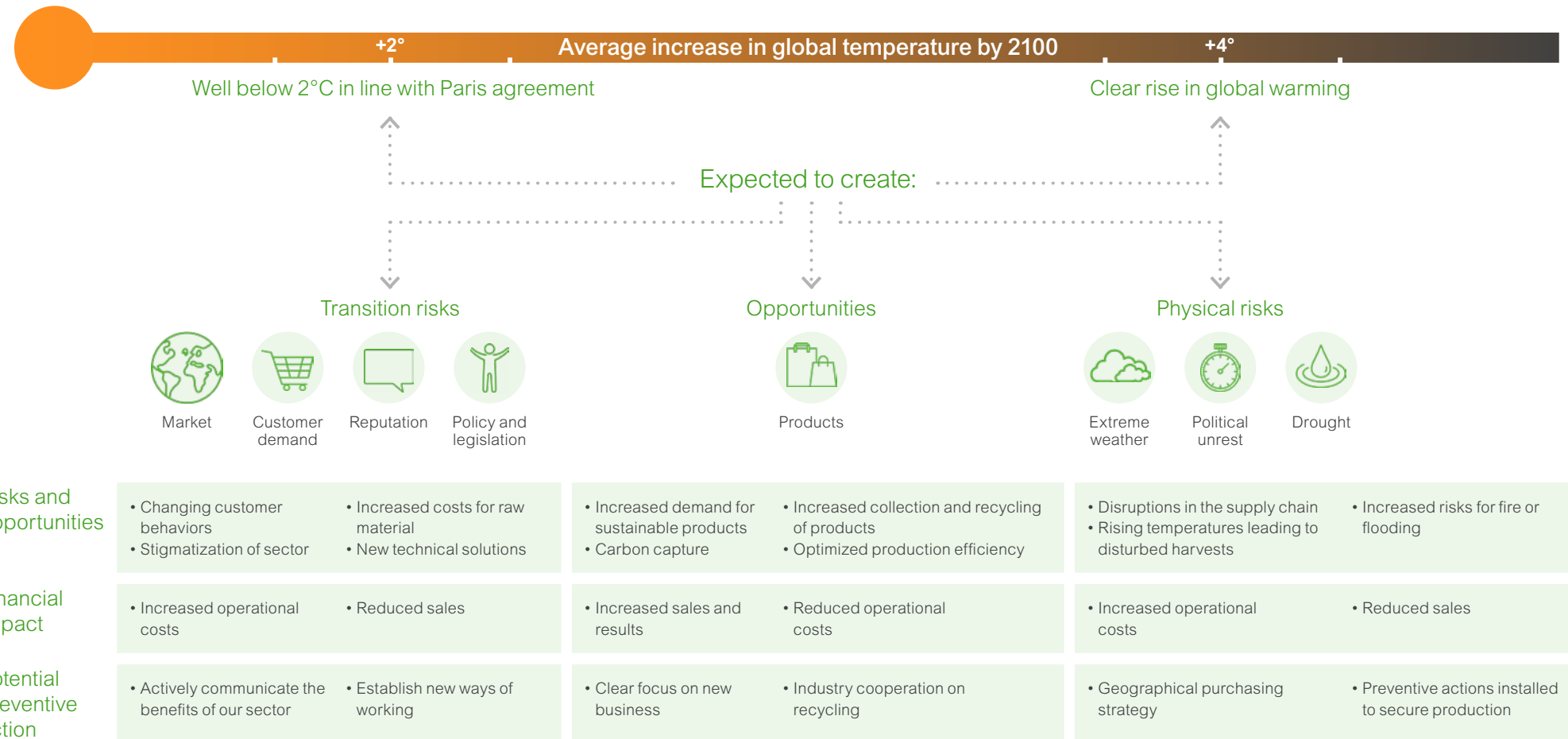
Climate is a subject of high priority in Billerud, both from the perspective of how we as a company have an impact on the climate, as well as from the perspective of how the climate affects us in terms of risks and opportunities.

Many of these risks are driven by macro trends such as climate change, political developments, changing market demand and stricter sustainability requirements from both legislators and other stakeholders. Recent years' rapid contextual changes regarding climate-related issues, in combination with internal changes as well as the acquisition and integration of the US-based company Verso into the Billerud Group, place increased demands on the understanding and management of climate-related risks and opportunities.

Billerud's analysis of climate-related risks and opportunities is based on the Paris Agreement to keep the temperature increase well below two degrees and the IPCCs four-degree scenario (RCP 8.5) which is based on "business as usual".

A supplementary assessment of both physical risks and transition risks as well as opportunities is available in Billerud's response to CDP (www.cdp.net).

The assessment was conducted by leading representatives for the business following the recommendations of the TCFD. The result after assessing the financial effects of risks and opportunities linked to these two scenarios, shows that the climate-related opportunities exceed the climate-related risks in both scenarios. This is due to an increased market





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potential in both scenarios. In the well below two degrees scenario, the transitional risks as a result of policy measures and changed market behavior are somewhat higher, while the four-degree scenario is considered to result in more significant exposure to physical climate-related risks due to a higher degree of climate change.

Material opportunities

Increased focus on climate-related issues can lead to increased demand for bio-based products. This opportunity can materialize as a result of political measures, increased awareness among consumers and changed preferences on the market in general. To meet the growing demand for sustainable packaging solutions, Billerud is working in close collaboration with customers and partners to develop innovative solutions that can capture new market potential.

Demand for carbon capture and storage (CCS) and carbon capture and usage (CCU) is believed to increase rapidly in the next few years as states and companies are set to meet their climate targets. Through Bio-CCS and Bio-CCU our industry has a significant business opportunity to develop new business based on helping other actors achieve their climate targets. Billerud is now investigating this opportunity in more depth.

Increased focus on production efficiency will result in reduced greenhouse gas emissions and lower costs.

Material risks

Transition risks are generally expected to occur before physical risks.

Wood and pulp account for around a third of Billerud's operating costs. A price increase in this segment therefore constitutes a significant risk. The climate-related aspects that affect this risk are both transitional risks and physical risks. The growing interest in the forest as a resource for energy, materials and carbon storage is a transitional risk that drives increased demand and potentially higher prices for wood raw materials. Physical risks as a result of climate change, such as increased pest infections and increased frequency of droughts and forest fires, can affect availability and thus the price of the wood raw material.

In order to reduce the risk associated with the supply and price of wood raw material, the European Wood Supply unit focuses on optimizing the value chain and building long-term relationships with suppliers. We also increasingly take on climate adaption measures to reduce physical climate risks in forest areas managed by Billerud, for example through cooperating with contractors to minimize rutting damages due to changes in soil condition and to utilize site adapted forestry management to increase long-term pest resiliency.

When the climate is changing with increased temperatures and increased frequency of severe weather events, operational interruptions due to physical climate effects on our production units constitute a significant climate-related risk. Our operations may be subject to flooding, water shortages or other disturbances. If a production unit is shut down due to weather events, it may affect Billerud's sales volume. Preventive actions to reduce the risk of such scenarios have high focus in all parts of Billerud.

Governance

Climate-related risks and opportunities in Billerud are governed on a strategic level by the Board of Directors and on an operational level by the CEO, Group Management Team and EVP Sustainability & Public Affairs. The Board of Directors continuously manages climate-related risks, opportunities and impacts as part of the work with strategic issues concerning operations, investments and acquisitions. Climate-related issues are also a recurring agenda item at the company's board meetings. For example, the Board of Directors annually reviews the Group Sustainability Policy (including climate issues) and monitors progress linked to the company's targets for energy efficiency and fossil-free production.

The CEO is responsible for the ongoing overall operational management of Billerud's business operations in accordance with instructions and regulations established by the Board. This includes the ultimate operational responsibility for climate-related issues. The Sustainability and Public Affairs function is responsible for all climate-related issues such as analyses, follow-up and reporting as well as monitoring global developments, trends and regulations linked to climate issues.



Resource efficient production

The production processes for pulp, paper, and paperboard are energy intensive and Billerud's mills have a direct impact on the environment through greenhouse gas emissions and emissions to air, water effluents and waste generation. We also consume energy and raw materials such as cellulose fibers and chemicals in our processes and they have an indirect impact on the environment through their production and transportation. We have an indirect impact on the environment through the emissions from transportation of our products. We strive for continuous improvement, running efficient operations while minimizing our negative environmental impact on the communities and the environment.

We work towards minimizing our negative environmental impact through investments in new technologies and systematically working with continuous improvements. In Europe, representatives from each mill collaborate through energy and environment networks related to compliance, coordination and knowledge sharing. These networks are comprised of engineers and environmental and energy managers from the mills who meet regularly to share insights and issue monthly reports. In addition to the networks, we initiated monthly meetings between environmental and energy managers in North America and Europe during 2023.

Policies, certifications and regulations

Our work to address the environment and energy use is governed by the Group Sustainability Policy. The policy is supplemented by underlying directives, such as the Group Directive Energy and Group Directive Environment that provide more detailed rules on Billerud's sustainability work. Billerud's Sustainability Policy states that Billerud will strive to minimize its impact on the planet, act responsibly and serve as a role model with respect to environmental considerations.

We mitigate environmental risks in our operations by following a third-party certified environmental management system which provides structured working methods to comply with official requirements and legislations. Our mills in Sweden are both ISO 14001 and ISO 50001 certified. The Pietarsaari and Quinnesec mills are ISO 14001 certified. We also intend to certify the Escanaba and the Wisconsin Rapids facilities in the future.

All our production units are regulated by permits. Production permits issued by governmental authorities define the specific environmental conditions for compliance and are monitored by regulatory agencies. We strive for continual improvement and lowering our emissions to the environment. Each production unit is legally responsible for ensuring compliance with environmental laws and regulations and to monitor environmental performance.

Our Swedish mills comply with the EU legislation with decided Best Available Technology-Associated Emission Level (BAT-AEL), corresponding to mills with BAT. These BAT-AELs are updated regularly as permissible emission levels become stricter. Billerud reports the outcome to the authorities annually. Our North American mills comply with the Environmental Protection Agency (EPA); Environment, Great Lakes, and Energy (EGLE); Wisconsin Department of Natural Resources; and

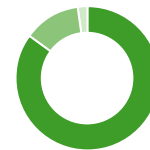
local environmental regulations through waste regulations, air and water permits.

Energy The impact

Our production processes are energy intensive and while we generate much of our own electricity needs internally, we are also affected by the geopolitical situation and a volatile energy market. The supply and cost of electricity and gas in Europe improved in 2023 compared to 2022 due to mild, rainy and windy weather, and a general industry slowdown resulting in lower demand for energy. We do however, in the long-term, face a global challenge as the need to replace and extend the existing energy grid with renewable energy increases.

In Europe, all electricity that is produced internally or purchased is covered by Guarantees of Origin (GoOs), and in the US we purchased Emission-Free Energy Certificates (EFECs) corresponding to 60% of the total purchased volume in 2023. About 38% of our electricity needs were generated in-house at our European operations, while the rest was purchased from the grid. In our North American operations, up to 69% of our electricity consumption was self-generated in 2023. For purchased steam and district heat in Pietarsaari, Billerud also purchases GoOs to ensure that the steam and district heat is produced from fossil free fuels.

Use of fuel, 2023, %



- Region Europe**
- Self-generated biofuels, 85
 - Purchased biofuels, 13
 - Purchased fossil fuels, 2



- Region North America**
- Self-generated biofuels, 67
 - Purchased biofuels, 5
 - Purchased fossil fuels, 28

Actions

Each year we invest in projects and maintenance that increase our energy efficiency. Our new recovery boiler in Frövi uses 100% fossil-free biofuel and will contribute to, among other benefits, lower emissions to air, improved energy efficiency, and greater flexibility in production.

During the year, a new, more efficient evaporator was installed at our Gruvön mill that will further optimize the overall steam usage at the mill, resulting in reduced greenhouse gas emissions.

We have increased our efforts to supply our surplus energy to the district heating networks close to our mills in Sweden. In 2024, our mill in Gävle, which is connected to the local district heating network, will also be connected to the district heating network in the town Sandviken through a 20 kilometer district heating line.

During 2023, the Quinnesec mill had a third party (Clean Tech Partners) conduct an energy assessment audit that offered many ways to reduce energy usage, and impact steam and water usage in a positive way. Seven energy savings projects were conducted during the year and more are being developed for 2024. The completed projects are expected to contribute to a reduction in steam demand for 2024. By reducing its package boiler run time in the winter by 50%, the mill also reduced its consumption of natural gas.

Quinnesec has become part of the voltus program, whereby the plant can be called upon to reduce or shift its electricity use in response to overly high grid stress, for example during a heatwave. Being a part of the program generates a profit for the mill, while also allowing the mill to be part of the solution should a short-term energy shortage arise.

At Escanaba, our most energy intensive mill, we have started the journey towards using more biofuels and reducing the North American mill's dependency on fossil fuels. The Escanaba mill completed the installation of two new heat exchangers which will capture waste heat from the process sewer and reuse it in the production process. This will reduce the amount of steam used, resulting in lower greenhouse gas emissions.

Pollution The impact

We aim to keep pollution and our negative impact on the local environment and community to a minimum. Our mill operations are regulated through production permits in line with local legislation. Unexpected disturbances in the production process could give rise to noise, odors or enhanced emissions to air and water that affect the areas surrounding the mills. Transports to and from the mills, in addition to our employees traveling to and from work, also affects the environment. Billerud strives to make a positive impact on the communities in which we operate and by offering a range of channels/forums we aim to pursue a constant dialogue with local communities and residents.

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Actions

In 2023, we undertook a number of activities to mitigate the impact of pollution from our mills. At our mill in Karlsborg, we replaced washing equipment in 2022 which, in 2023, resulted in a lower load of water and organic oxygen-demanding matter to the external treatment plant. Plans are underway at the Karlsborg mill for a significant dredging of the wastewater treatment plant in 2024 that will keep the treatment plant running efficiently to reduce emissions to the recipient. The new recovery boiler at the Frövi mill will have a major impact on the neighboring community by reducing dust and SO₂ emissions as well as reducing odors.

Since Billerud's acquisition of the Quinnesec and Escanaba mills in North America, efforts have been underway to reduce the amount of sulphur emissions to air at the mills. This has resulted in a reduction in odor which has had a positive impact on the local community.

The installation of two new heat exchangers at the mill in Escanaba, which will capture waste heat from the process sewer, will reduce water usage during the summer months when supply is often lower. During the summer months, the wastewater is diluted by water from the nearby lake to reduce the temperature in the wastewater treatment plant to maintain the microorganisms in the biotreatment sector. By putting the waste heat back into the process, the process sewer effluent temperature will be decreased eliminating the practice of overflowing the reservoir.

Water and effluents

The impact

We are committed to minimizing the impact of our water use and our impact on water quality. Surface water is mainly withdrawn for our production processes and returned to waterways. Sedimentation basins, biological treatment and chemical treatment, are among the techniques we use to eliminate contaminants from the wastewater before it is returned to the waterways. Billerud's production units are all located close to waterways so we can utilize the surface water without exerting a significant impact on the flow of the water. Apart from the surface water there is a minor usage of groundwater and, in some instances, municipal water. In 2023, the total outcome was 0.2% and 0.1% respectively.

There is no significant water consumption in the pulp and paper manufacturing process. We withdraw the water mainly to wash pulp in several stages at the mill through digesting, washing, bleaching and dilution of the fiber flow to the paper and board machines. Water is reused several times throughout the process before going back to the effluent. Water is also withdrawn to be used as a coolant in heat exchangers because of its excellent heat transfer properties. The cooling water is uncontaminated and therefore safe to return to the waterway without any further treatment/purification. 2-5% of the water that is withdrawn is not released back to the source. This is primarily attributable to evaporation and the retained water content of our finished products.

According to our water risk assessment, none of our production units are in an area rated as "High" or "Extremely High". One production unit is in an area rated "Medium-High" and the others in areas rated "Low" or "Low-Medium". During specific weather events our production units risk

experiencing a water restriction, which could lead to a negative impact on production. For the purpose of this reporting, we have applied the WRI's Aqueduct Global Water Tool (<https://www.wri.org/aqueduct>).

In Sweden, production permits and related environmental conditions are subject to the EU Water Directive, including principles on non-deterioration. Production permits are granted based on environmental impact assessments that include the status of habitats and ecosystems as well as consultation with local communities and other stakeholders. The environmental conditions of the permits specify emission levels to water that are monitored through control programs.

Actions

All Swedish production units are members of a local water management association where, together with affected stakeholders including supervisory authorities, we collaborate on issues relating to the recipient's status, such as monitoring and management. In 2023, a water conservation team at the Quinnesec mill focused on changing behaviors regarding water usage, for example, ensuring tanks are not overflowing, increasing operator rounds during startups to catch open valves, and shutting off hoses. The team will continue to meet in the future to implement further ways to reduce water usage.

All of our mills measure and track their wastewater flow with the aim to set up local goals for water usage. This process has begun in Sweden, with the ambition for 2030 to have significantly reduced our water usage by reducing the wastewater flow to the water treatment plant by 10%. We have also set a short-term goal for a 1% reduction by the end of 2024. This will result in a positive impact on the function of the treatment plant, with potential to further reduce emissions of organic matters and nutrients. Over the coming years we plan to review and integrate our Finnish and North American mills in these ambitions.

Water discharge

The reported water discharge is process wastewater. This is purified at on-site treatment plants and then returned to the recipient. The total water intake is also reported, including wastewater, cooling water and consumed water. Water discharge from non-production units, for example, sales offices, is considered insignificant. There was no water discharge in areas with water stress as stated in GRI 303-1. The most significant substances reported as emissions to water are: Chemical Oxygen Demand (COD) or Total Organic Carbon (TOC), Biological Oxygen Demand (BOD), Total Suspended Solids (TSS), Organically Bound Chlorine (AOX), Total-Nitrogen (N) and Total-Phosphorous (P).

Water withdrawal

We report on our water withdrawal for surface water, municipal water and groundwater. Our water withdrawal is 100% freshwater. No data collection and reporting method has been established for produced water. According to an assessment performed in 2016, 2-3% of the total used water comes from wood fiber, external produced pulp and chemicals. There is no water withdrawal from areas with water stress as stated in GRI 303-1. Water usage is reported by each production unit based on a measurement and/or calculation according to established control pro-

grams. Water extraction from non-production units, for example, sales offices, is considered insignificant.

Chemicals

The impact

Billerud is committed to protecting the environment and public health. We strive to minimize the consumption of chemicals in our production, substitute high environmental impact chemicals, and reinforce demands on chemical suppliers to provide safer alternatives. We closely monitor and optimize the use of chemicals, such as in the bleaching process, where we are currently identifying which chemicals have the greatest environmental impact. We also conduct research to investigate new chemicals and opportunities to recycle and reuse certain chemicals and phase out chemicals for reasons such as changes in legal or health and safety requirements.

Actions

In 2023, we engaged in a number of activities to minimize the use of chemicals in our operations. For example, we reduced and permanently suspended anthraquinone (AQ) in Escanaba, a digester additive that increases the positive yield of pulp resulting in a reduction of chemicals used for bleaching and consequently reducing process costs. The Escanaba mill also reduced its use of coagulant in refined mechanical pulp (RMP) by half in 2023.

We work continuously with our suppliers to find alternative chemicals with a lower emissions to reduce the hazardous effect on health and the environment. For example, we favor chemicals that have been produced with renewable energy and only choose suppliers who can provide us with sufficient information on any hazardous substances, such as carcinogenic, mutagenic, and reprotoxic (CMR) chemicals in their products.

Billerud participates in several industry forums and collaborates within the industry and with our suppliers regarding chemical usage and alternative solutions. For example, Billerud is a member of Normpack, a collaboration within the packaging industry to increase the safety of materials that come into contact with food. This forum also addresses legislation, the phasing out of certain chemicals, and finding alternatives.

Reuse and waste

The impact

The production of pulp, paper, and paperboard requires raw materials such as wood, chemicals, and energy. Billerud strives to utilize these resources in the most efficient way possible. We aim for circularity in our products and in our production processes. For example, most of our energy comes from the fiber residues in our manufacturing process, whereby the cellulose fibers in the digester process are extracted using cooking liquor containing inactive chemicals as well as fiber residues. When incinerating the concentrated cooking liquor in the recovery boiler we recover and reuse the chemicals as well.



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Actions

There are many examples of how we work with waste and waste recovery on an ongoing basis. In the production process, the significant material flow of waste and waste recovery can be described as follows:

- Bark from wood logs is used in solid biofuel boilers for energy production.
- In the recovery process the cooking chemicals are recycled and energy is recovered from wood residues.
- Turpentine is a by-product from the pulping process, and we supply it to other industries.
- Soap is another by-product that can be traded to an external manufacturer or processed into crude tall oil within the mills. Crude tall oil can be used as an energy source internally or traded to biorefineries that, for example, produce renewable fuels and biobased chemicals.
- Paper and paperboard material waste is dissolved and returned to the production process. The paper and paperboard production also provides residues from coating chemicals that can be used as cover material for landfills after external processing.
- Fiber and bio sludges are separated from the wastewater and are either incinerated for energy recovery or used for soil improvement.

In 2023 we purchased new equipment at our mill in Skärblacka to handle sludge from our treatment plant. The equipment enhances the dryness which provides opportunities to deliver the material externally where it can be used for soil improvement. The dryer sludge also leads to better energy recovery if incinerated.

We conducted trials in 2023 to convert the organic biosludge recovered from our treatment plants in Skärblacka and Rockhammar to biochar, which can be used as biofuel within our mills. Biochar can also be used to replace fertilizer to improve soil or used as an absorbent for water treatment or metal recycling.

Our Quinnesec mill uses over 90% of its wastewater treatment plant residues in an outreach program that benefits the local farms in the community by reducing the need for fertilizer. At the same time, this has resulted in a reduction in the amount of waste going to landfill. The Escanaba mill uses approximately 80% of its wastewater treatment plant residues for similar schemes in the community.

Significant amounts of waste generation to landfill at the production units are green liquor dregs from the chemical recycling processes and ashes

from the solid biofuel boilers. The most significant source of hazardous waste are the oil residues from, for example, oil separators. All waste (including hazardous waste) that is not managed at the production site is sent to approved external waste management firms. Approval is also required for all hazardous waste transporters. Waste generation and waste management at the production sites are included in the annual environmental reporting provided to the supervisory authorities. Billerud reports the waste data categorized as process waste to landfill or hazardous waste. Waste data is reported in dry tons, except for hazardous waste. Waste data is measured through our own weighting or invoicing data.

Targets and metrics

Definition	Outcome 2023	Target 2023
Region Europe		
Energy consumption, MWh/ton product	5.6	5.1
Emissions of fossil CO ₂ in the manufacturing process, kg/ton product	28.1	27
Region North America		
Energy consumption, MWh/ton product	8.0	7.4
Emissions of fossil CO ₂ in the manufacturing process, kg/ton product	491	410

Comment on outcome

Energy consumption per ton product increased both in Region Europe and Region North America in 2023 due to market-related curtailments, to 5.6 (5.3) respectively 8.0 (7.5). The annual targets were thus not met. Emissions of fossil CO₂ per ton product in Region Europe and Region North America also increased in 2023 to 28.1 (27.7) respectively 491 (459), due to production events and because of market-related curtailments, and thus the annual targets were not reached.



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	2022			2023		
	Billerud total	Region Europe	Region North America	Billerud total	Region Europe	Region North America
Energy consumption and mix¹						
(1) Fuel consumption from coal and coal products (MWh)	46,545	0	46,545	3,513	0	3,513
(2) Fuel consumption from crude oil and petroleum products (MWh)	361,730	328,362	33,368	357,014	305,364	51,650
(3) Fuel consumption from natural gas (MWh)	2,450,816	0	2,450,816	2,025,528	0	2,025,528
(4) Fuel consumption from other fossil sources (MWh)	135,836	0	135,836	0	0	0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	1,131,009	0	1,131,009	845,844	3,995	841,849
(6) Total fossil energy consumption² (MWh)	4,125,935	328,362	3,797,573	3,231,899	309,359	2,922,540
Share of fossil sources in total energy consumption (%)	16.9%	2.1%	44.8%	13.8%	2.0%	38.7%
(7) Consumption from nuclear sources³ (MWh)	1,974,629	1,874,629	100,000	3,381,478	3,214,284	167,194
Share of consumption from nuclear sources in total energy consumption (%)	8.1%	11.8%	1.2%	14.5%	20.4%	2.2%
(8) Internal biofuel (MWh)	18,110,173	12,327,561	5,782,611	17,114,457	12,090,920	5,023,537
(9) Purchased biofuels (MWh)	2,740,801	1,984,275	756,526	2,279,438	1,886,486	392,952
(10) Purchased steam and district heat from renewable resources including biomass (MWh)	223,581	223,581	0	206,753	206,753	0
(11) Sold energy i.e. secondary and primary (MWh)	924,845	924,845	0	1,010,672	1,010,672	0
(12) Biofuel used for electricity production and sold energy (MWh)	4,169,844	2,212,802	1,957,042	2,911,082	1,966,090	944,991
(13) Internally generated electricity (MWh)	2,259,865	1,400,617	859,248	1,916,818	1,218,812	698,006
(14) Internally generated electricity with bio GoO electricity ⁴ (MWh)	1,259,687	1,259,687	0	33,193	33,193	0
(15) Fuel consumption on site, brutto (MWh)	23,845,900	14,640,198	9,205,702	21,783,131	14,285,951	7,497,180
(16) Net fuel consumption ⁵ (MWh)	19,676,056	12,427,396	7,248,659	18,872,049	12,319,860	6,552,189
Share of renewable sources in total energy consumption (%)	75.0%	86.2%	54.0%	71.7%	77.7%	59.1%
Share of fossil free sources in total energy consumption (%)	83.1%	97.9%	55.2%	86.2%	98.0%	61.3%
Total energy consumption (MWh)	24,405,891	15,926,222	8,479,668	23,335,322	15,774,091	7,561,232

1 The table presents energy use for Region Europe and Region North America. Onsite, Billerud uses mostly bioenergy in our boilers and a small amount of fossil fuels. We also purchase electricity from the grid as well as produce electricity in our back pressure facilities. In Region Europe some waste heat is sold as district heat and primary heat

2 Total fossil energy consumption shows all fossil fuels used in boilers and lime kiln

3 At the time of writing not all bio GoOs have been sold due to update delays in the Swedish Energy Authorities trading platform. If all bio GoOs are not sold in Region Europe the amount of internally used bio GoOs will increase. Region Europe's electricity is fossil free

4 Internally generated electricity is not included in the total due to that the GoOs are sold

5 Net fuel consumption is the total fuel used in the boilers and lime kiln onsite, including purchased electricity, subtracting biofuels used for electricity production

Energy intensity per net revenue	2022	2023	% 2023 / 2022	Year 2023
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors ¹ (MWh/SEKm)	573	566	-1.2%	3 231 899
				18 551 232

1 See page 142 for financial figure

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	2023			2022			2021	2020
	Billerud total	Region Europe	Region North America	Billerud total ¹	Region Europe	Region North America ¹	Billerud total ⁷	Billerud total ⁷
Production								
Board, paper and pulp, ktons	3,604	2,816	788	3,831 ¹	3,017	814 ¹	3,129	3,047
Materials used								
Wood, thousand m ³ sub	13,193	9,835	3,358	15,660 ¹	9,959	5,701 ¹	10,100	10,351
Pulp, purchased externally, ktons	326	301	24	372 ¹	334	38 ¹	375	300
Pulp, purchased internally, ktons	124	96	28	182 ¹	129	53 ¹	148	160
Chemicals (renewable) ² , ktons	85.4	67.1	18.3	95.9 ^{1,2}	72.9	23.0 ^{1,2}	74.3	74.1
Total renewable materials², ktons	13,728	10,299	3,429	16,310^{1,2}	10,495	5,815^{1,2}	10,697	10,885
Chemicals (non-renewable) ² , ktons	643	411	232	735 ^{1,2}	452	283 ^{1,2}	407	420
Total materials used², ktons	14,371	10,710	3,660	17,044^{1,2}	10,946	6,098^{1,2}	11,105	11,306
Air emissions								
Sulphur (S), tons	467	347	120	666 ¹	352	314 ¹	276	371
of which diffuse sources, tons	156	156	0.05	217 ¹	217	0 ¹	166	277
Nitrogen oxides (NO _x), tons	4,878	2,749	2,129	4,672 ¹	2,833	1,839 ¹	2,891	3,050
Dust, tons	717	523	195	771 ¹	569	202 ¹	509	604
Water withdrawal								
Surface water, million m ³	251	176	76	241 ¹	183	59 ¹	186	190
Groundwater, million m ³	0.40	0.00	0.40	0.97 ¹	0.00	0.97 ¹	0.00	0.00
Municipal water, million m ³	0.26	0.26	0.00	0.27 ¹	0.27	0.00 ¹	0.31	0.40
Total water withdrawal, million m³	252	176	76	243¹	183	60¹	187	191
Emissions to water								
Process water ³ , million m ³	195	125	70	185 ¹	131	54 ¹	135	141
COD (chemical oxygen demand) ^{4,5} , tons	28,150	28,150	–	28,544 ^{1,4}	28,544 ⁴	– ¹	29,065 ⁴	28,249
TSS (total suspended solids), tons	4,154	3,154	1,001	5,066 ¹	4,095	971 ¹	3,830	3,078
BOD (biochemical oxygen demand) ⁵ , tons	486	–	486	660 ¹	–	660 ¹	–	–
Organically bound chlorine (AOX), tons	301	129	172	288 ¹	128	160 ¹	131	146
Nitrogen (N), tons	431	394	37	452 ¹	433	19 ¹	446	454
Phosphorus (P), tons	74	43	30	81 ¹	53	28 ¹	49	47
Waste								
Process waste, tons	178,506	67,837	110,669	151,418 ¹	66,773	84,645 ¹	61,503	90,292
Hazardous waste ⁶ , tons	925	924	0.36	967 ¹	966	1 ¹	1,803	1,201

1 Region North American have reported from the date of the acquisition (1 of April 2022) to the end of the year 2022

2 Reported amount of chemicals revised for Region North America 2022

3 Cooling water not included

4 Revised data (COD) for Europe 2022 and 2021 (Frövi 2021 and 2022, Pietarsaari 2022)

5 In Region North America BOD is regulated in production permits while in Region Europe the corresponding compounds is regulated as emissions of COD

6 Different definitions of hazardous waste in Region North America and Region Europe

7 Before the acquisition of Verso

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Materials for the future

The impact

We are committed to producing recyclable, reusable or compostable paper and board with a low carbon footprint. We are also committed to a packaging and paper future where sustainability goes hand in hand with our commitment to high quality and performance. Our product development work is focused on an approach that supports the circular economy, low climate impact initiatives and high product safety. All new materials that Billerud develops should be more sustainable than what is currently available and have a positive impact on the entire value chain.

Billerud products are well aligned with the new circular economy action plan that is a part of the European Green Deal. As part of the European Green Deal, the European Commission proposed a regulation on packaging and packaging waste that aims to increase recycling and reuse and reduce waste. Through our continuous sustainability efforts over many years, we remain a step ahead in our materials development, putting Billerud in a strong position among customers and other stakeholders. At the same time, ever stricter rules mean that Billerud faces a constant challenge to remain prepared and able to meet future legislation that affects our industry.

Policies, certifications and regulations

Our work with materials is governed by the Group Sustainability Policy. The policy is supplemented by underlying directives, such as the Group Directive Environment that provides more detailed rules regarding Billerud's sustainability work. We continuously update our policies and directives in line with current rules and regulations.

Demands on materials and articles intended for direct or indirect contact with food are high and managing product safety is thus fundamental for Billerud. Billerud's approach to product safety is governed by the Operations, Quality and Procurement policy. The product safety group, which comprises representatives of all the production units, ensures that regulations, legislation and other requirements are met. The technical customer support functions are responsible for registering grievances and complaints about products and other product-related management, which may apply to the company's product liability.

Billerud's products comply with the European Framework Regulation (EC) No 1935/2004 on materials and articles intended to come into contact with food. Since there is currently no harmonized legislation on paper and board within the EU, Billerud follows the German legislation by applying the BfR recommendations. The American FDA legislation is also applied outside the EU. In addition, certain products comply with other demands, such as the Chinese standards on materials in contact with food. Some grades are designed to fulfill medical standards for paper material. This ensures that Billerud's products are safe under intended conditions of use. Our European mills are FSC 22000 certified. Region North America has initiated the certification process for both Food Safety and Quality.

In 2023, no breaches of legislation or voluntary codes of practice occurred regarding health and safety, product information and labeling or market communication. No fines related to product responsibility were imposed.

Actions

Recyclability

After mapping of our product portfolio in Europe, we have determined that all our European packaging materials are recyclable according to the external PTS recyclability method. We plan to undertake a full review of the recyclability of our North American products over the coming years.

Product development

Billerud has a common innovation process for all materials to ensure transparency in projects and innovations, and that we are fulfilling all the necessary criteria to meet the sustainability requirements. We aim for high-performance materials that are as resource efficient as possible, enabling customers to use less material in their packaging and reduce their carbon footprint. For example, in one of Billerud's 2023 launches we improved the coating concept to enable a carbon footprint reduction compared to the coating in an existing product.

We have prioritized research related to the development of advanced barriers to replace the current plastic-based barriers. Our research focused primarily on barriers for liquid packaging board and kraft paper. A challenge is to develop a recyclable barrier that can solve packaging issues relating to handling, moisture, light and oxygen. We have already made strides in this area with our Recyclable Flow Wrap, a barrier coated paper that replaces plastic film for flow wrap applications for improved circularity and lower greenhouse gas emissions. Barrier development is a continued key priority in the future.

In collaboration with RISE Research Institutes of Sweden, our BoxLab has developed a valuable tool for the industry that calculates the long-term performance of corrugated board packaging. The tool can predict the critical stacking strength of a corrugated package for longer times and in high humidity. The tool is part of our True Performance concept where we take time, climate and load into consideration when determining a material's true performance. This can enable customers to reduce their packaging material consumption, resulting in lower cost and a lower carbon footprint.

Billerud and RISE are also working together to create a durable fiber bag that is lightweight yet reusable (up to about 50 times based on our own tests). Improving the reusability of paper products would eventually replace the need for plastic bags. Another project with RISE focuses on enabling circular and biobased packaging with the goal to develop business modules and technical solutions that enable circular approaches along the value chain. For this project, Billerud has been contributing with knowledge, experience and our renewable materials.

Alliances

Billerud works through collaborations to solve the future challenges facing the industry such as increasing the recyclability of packaging products. The company is a member of Treesearch, a Sweden-based collaboration platform on new materials from the forest. Our dialogues with decision-makers often take place in coordination with industry associations such as the Swedish Forest Industries Federation or

Confederation of European Paper Industries (CEPI) and Alliance for Beverage Cartons and the Environment (ACE).

CEPI has started a project called 4evergreen, which seeks to optimize the circularity of fiber-based packaging. 4Evergreen launched part one of the Recyclability Evaluation Protocol for standard recycling mills, which is a new European method that can be applied in the paper industry to evaluate packaging's recyclability. Billerud is also part of a working group that is doing testing on complex packaging. The results are used for preparing guidelines on technical and practical recycling, collecting and sorting for de-inking and specialized recycling mills. Billerud works on similar issues within the EU also through our involvement in EXTR:ACT, a European platform to increase the recycling of beverage cartons and similar fiber-based multi-material packaging.

Billerud recently started to work in the European CEN standardization working group TC 261/SC4/WG3 with the target to prepare two packaging standards: Definitions and principles for design-for-recycling of packaging; and Process and criteria to evaluate the recyclability of packaging.

EPDs and LCAs

To support its environmental claims, Billerud commissioned independent research institutes such as RISE to conduct life cycle assessments on our products. These assessments, which took place from 2016-2022, take into consideration the entire product life cycle, from raw material production to the disposal or recycling of the finished packaging.

During 2023, we worked to produce environmental product declarations (EPDs) for our products produced in Region Europe and can now provide EPDs for many of these products. With an EPD, customers can compare a product's performance from an environmental perspective through the product life cycle. Customers can also use our product EPDs to calculate the environmental impact of their finished packaging, use the values for their scope 3 calculations, or compare our data with a competitor's paper product. All our data is verified by an independent third party, approved by the International EPD System.

Targets and metrics

Definition	Outcome 2023	Target 2023
Proportion of Billerud's packaging paper that is certified recyclable ¹ , %	100	100
Proportion of production units certified in line with food safety standards ¹ , %	100	100

¹ Target and outcome apply to the European operations

Comment on outcome

100% of our European packaging paper is certified recyclable. This means that we reached our target for 2023, which was 100%. 100% (100) of our production units in Region Europe are certified in line with food safety standards, reaching our goal of 100% for 2023.

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Sustainable wood supply

The impact

Renewable raw materials from the forest are our most important resources. Sustainable forestry, whereby the social and biological assets of forests are preserved, is necessary to ensure a wood supply for years to come.

We source our wood fiber from responsibly managed forests. Billerud does not source from high conservation value forests, illegally harvested wood sources, conflict areas, genetically modified forests, forest land converted to other land use, or where human rights are violated. We reduce our risk by sourcing wood fiber from low-risk countries. The wood is sourced as close to our mills as possible, which reduces the transportation impact. Harvesting is carried out in accordance with applicable laws and regulations and whenever Billerud fells a tree, we use it as effectively and intelligently as possible. Those parts of the trunk that have the broadest diameter and highest quality are delivered to the sawmill, while the thinner parts are sent to our paper and board production facilities. Bark and other byproducts are used as fuel in the company's mills.

Policies and certifications

In addition to the Billerud Code of Conduct, there are several Group policies and directives that govern our work. Our directives are related to, and aligned with, the Operations, Quality and Procurement Policy; the Responsible Business Policy; and the Sustainability Policy. National laws and regulations for forestry set the minimum standard for Billerud. We are third-party certified to chain of custody standards set by the Forest Stewardship Council® (FSC®)¹, Programme for the Endorsement of Forest Certification (PEFC)², and in North America, the Sustainable Forestry Initiative (SFI®). Billerud's due diligence system ensures that all purchases follow the procedures set out by FSC® Controlled Wood, Controlled Sources in PEFC Chain of Custody, and comply with the EUTR and US Lacey Act timber legislations.

97.9% of our wood suppliers in Europe (with a purchase value over a certain threshold) signed Billerud's Supplier Code of Conduct. In North America, where we initiated the process of signing the Supplier Code of Conduct in 2023, the corresponding figure was 42.2%.

Actions

Around 74% of our wood fiber in Europe was sourced from Swedish forests, with the rest coming mainly from Norway, Finland and the Baltic countries. In our North American operations, 96% of the wood supply came from the area surrounding our mills, namely Michigan and Wisconsin, and a small proportion, 4%, came from Canada.

¹ FSC-C004906, FSC-C020000, FSC-C108771, FSC-C108782, FSC-C014984, FSC-C023846

² PEFC/05-33-114, PEFC/05-23-68, PEFC/05-31-78, PEFC/05-33-136, PEFC/05-33-135, PEFC/05-33-137, PEFC/29-31-92

In total, Billerud purchased 13.6 (15) million cubic meters of wood fiber in 2023, of which 10.8 (11.5) million cubic meters was for our European operations and approximately 2.8 (3.5) million cubic meters was for our operations in North America. We continued to work closely with our highly valued wood suppliers but purchased less material compared to previous years due to the general market slowdown in 2023 and higher inventories among our customers. These higher inventories relate partly to overstocking in the post-pandemic period.

Ensuring a stable wood supply

Billerud has long-term sourcing partnership contracts and close collaboration with forestry companies, forest owners and sawmills, which enables us to meet the demands for a continuous supply of sustainable, cost-efficient wood fiber and ensure sustainable forestry.

Of Billerud's fiber volume in the Swedish mills in 2023, around 78% was supplied by approximately 90 sawmills, forest owner associations and large forest companies, and based on supply agreements. Around 22% of this fiber volume was harvested in Sweden by our own forestry management organization on the lands of small, private forest owners and the Bergvik Skog Öst forest holding.

Some of the small forest owners have chosen to certify their forests through membership in Billerud's group certification which includes PEFC and FSC® certification. This group currently consists of 258 (223) members and covers a total managed productive forest area of approximately 108,000 (104,400) hectares of forest land.

Bergvik Skog Öst comprises 360,000 hectares in central Sweden. Our forestry management efforts, which will end in 2024, include all harvesting, forestry measures, and practical issues related to this forest holding. We have a long-term agreement to purchase 1 million cubic meters of wood annually from Bergvik Skog Öst.

We do not conduct forest land management in our North American operations, where about half of our wood fiber purchases are made on the open market and half is purchased through long-term contracts with suppliers. All of Billerud's fiber volume in North America is supplied by 275 sawmills, independent logging companies, and large industrial forest owners, based on supply agreements.

Sustainable sourcing

Billerud has procedures and guidelines to avoid purchasing raw material from illegal felling operations, from forests with high conservation values, from regions with serious social conflicts, and where felling leads to deforestation.

For the forests that we manage in Sweden, we monitor operational indicators for biodiversity and strive to continuously enhance landowner awareness. In 2023, we offered forest owners training on harvesting methods in line with the objectives for Continuous Cover Forestry. This is an approach to sustainable forestry whereby forest stands are maintained in a permanently irregular structure that is created and sustained through the selection and harvesting of individual trees. We also raised

Fiber origin¹, 2023, %



Region Europe

- Sweden, 74.3
- Norway, 9.8
- Finland, 7.6
- Baltic region, 7.0
- Other², 1.3

Region North America

- USA, 96
- Canada, 4

¹ Including market pulp
² Brazil, Uruguay and Canada

awareness and held training on Closer to Nature Forestry, a concept proposed in the EU Forest Strategy for 2030, with the aim of improving the conservation values in European forest management.

All Billerud wood suppliers in North America receive mandatory training in best management practices for water quality, biodiversity and occupational health and safety. The suppliers are required to continue this education annually to maintain their certification as a Qualified Logging Professional.

Protecting biodiversity

As part of our forest management efforts in Europe we take measures to protect valuable habitats so that naturally occurring plants and animals can continue to live in the forest. These measures include the following:

- When felling, all the dead trees are left, and high stumps are created to protect and resupply dead wood in the forest, which insects, fungi and small animals need in order to survive.
- Clearing and thinning operations are planned to provide more room for remaining trees to grow.
- To protect the ecology around watercourses and other sensitive biotopes, "buffer zones" are created and retained where necessary.
- Deciduous trees are encouraged, which assists animals and other wildlife, and can also help forests withstand storms better, for example.
- Individual endangered species are protected. For example, we are working with the lady's slipper orchid, nests for northern goshawks and the creeping lady's-tresses.

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- In FSC®-certified forestry, at least 10% of the productive forest land area is set aside for conservation or social purposes.
- Conservation burning is carried out to promote fire-dependent biodiversity.

In line with our commitment to protect endangered species, Billerud has partnered for many years with the Swedish Society for Nature Conservation and provides financial support to protect the endangered white-backed woodpecker. We also support efforts to improve conditions for the pool frog and have conducted research into the best type of habitat for its survival.

In Region North America, Billerud maintains a close connection with the forest and land managers through SFI® Fiber Sourcing Standard certification. As an SFI® program participant, Billerud is a significant financial and in-kind contributor to SFI® Implementation Committees (SICs) in Michigan and Wisconsin where the bulk of our wood fiber purchases are made. SICs are represented by forestry professionals from local forest product companies, professional associations, universities, government agencies, landowner associations, and conservation groups that work together to promote sustainable forestry. This is achieved by sponsoring grants for forest research and educational programs for schoolchildren, landowners, and loggers, as well as developing resources and tools for land managers.

Since 2022, SIC members in Michigan, Wisconsin and Minnesota have worked collaboratively to develop and maintain a regional assessment for biodiversity in sourcing fiber from Forests of Exceptional Conservation Value. The assessment aims to identify globally at-risk species and ecosystems that may be positively or negatively impacted by forest management activities. This information is then used to develop training material for foresters and loggers. The aim is to increase their awareness and offer mitigation guidance for ecosystems and species such as the Karner blue butterfly and Northern long-eared bat.

Targets and metrics

Definition	Outcome 2023	Target 2023
Proportion of domestic wood supply ¹ , %		
Region Europe	99.5	96
Region North America	100	96
Group-certified forest owners (FSC® and PEFC) ² , no.	258	250

¹ Domestic wood supply: Wood sourced from Europe to our European operations. Wood sourced from USA and Canada to our North American operations. Excluding market pulp
² Target and outcome apply to the European operations

Comment on outcome

The proportion of domestic wood supply was 99.5% (99.3) in Region Europe. The corresponding figure in Region North America was 100% (100). The target for the year, 96%, was thus reached in both regions.

Since 2005 we have had a goal to increase the number of Group-certified private forest owners each year, based on short-term and long-term targets. Our goal for 2023 was to raise the number of private forest owners certified through Billerud to 250 and by the end of the year we had 258 (223). During the year, Billerud certified 39 new forest owners.

Forest owners and timber suppliers, 2023	Bergvik Skog Öst AB	Certified small-holders	Marma Skog
Forest land EU/FAO, ha	318,000	92,400	26,300
Low productive forest land set aside, ha	21,300	8,400	1,800
Productive area voluntary set aside, ha	22,100	7,100	6,500
Area left for nature conservation on harvest site, ha	18,300	5,900	2,500
Forest formally set aside, ha	2,200	minor	2,700
Total area of forest set aside, %	20	23	51

Biodiversity indicators

Follow-up of considerations, about 60 sites

Acceptable sites in terms of consideration for social values, such as trails and tracks

Quality of nature conservation and cultural considerations in follow-up:

Sites without rutting with a major or moderate impact >85%

Sites with acceptable buffer zones >90%

Acceptable buffer zone area, %

Acceptable handling of sensitive habitats >85%

Acceptable sensitive habitat area, %

Correct handling of high stumps >95%

Average no. of high stumps/ha

Correct handling of green/living/preservation trees >90%

Correct handling of open areas >85%

Correct handling of cultural relics >90%

Acceptable handling of individual cultural relics, %

Correctly handled ancient relics 100% (0, 1 and 2 means handled correctly)

Acceptable handling of individual ancient relics, %

The table above shows some of the results of the monitoring of operational indicators for biodiversity in our own forest management in Sweden 2021-2023.

	2023	2022	2021
Acceptable sites in terms of consideration for social values, such as trails and tracks	100	100	97
Sites without rutting with a major or moderate impact >85%	93	90	88
Sites with acceptable buffer zones >90%	100	90	100
Acceptable buffer zone area, %	100	92	99
Acceptable handling of sensitive habitats >85%	97	94	96
Acceptable sensitive habitat area, %	98.5	98.8	99.6
Correct handling of high stumps >95%	91	92	97
Average no. of high stumps/ha	4.6	4.9	4.8
Correct handling of green/living/preservation trees >90%	96	93	97
Correct handling of open areas >85%	97	98	98
Correct handling of cultural relics >90%	95	100	100
Acceptable handling of individual cultural relics, %	99	100	100
Correctly handled ancient relics 100% (0, 1 and 2 means handled correctly)	100	100	100
Acceptable handling of individual ancient relics, %	100	100	100



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Social

Engaging workplaces

The impact

We strive to create diverse and inclusive workplaces where good leadership and development opportunities enable employees to contribute and feel respected and appreciated.

Having a diverse workforce that represents the communities in which we work and the customers we serve is vital to our innovation. We value our diverse workforce from different backgrounds and life experiences who bring different viewpoints to Billerud. Engaged and diverse employees are a key to our continued competitiveness.

To be an attractive employer is crucial in today's competitive labor market. In our longterm efforts to attract new talent, and retain and develop existing talent, we initiated the Sustainable Leadership Program several years ago, and in 2023 we also rolled out the Sustainable Employee Program.

Policies

We strive to provide safe and engaging working environments where employees can develop. Labor practices are specified in our People Policy and Health and Safety Policy. Each of these Group policies are supported by steering documents and Group directives on, for example, diversity and inclusion. This directive was updated in 2023 to ensure relevancy for our mills and operations in different countries.

Actions

Diversity and inclusion

We recruit from a wide pool of talent that extends beyond our traditional networks to achieve better diversity and also ensure that we find the person most competent for the position. We apply diversity targets when recruiting summer workers and trainees. In our traditionally male-dominated industry, we aim to have a more equal representation of women.

In our efforts to attract more women to our industry and to a career in engineering, we collaborate with external partners such as Womengi-ner, a Sweden-based foundation that encourages young women to become engineers.

In Region North America, a cross-functional group of women is part of a new Women in Business Taskforce that addresses the challenges and barriers facing women in business. Its objectives are to create a positive, inviting, and supportive workplace for all employees in Region North America and increase the number of women in the workplace as well as in leadership roles. During the year, the taskforce went further in these efforts by joining Women in Manufacturing, a national association dedicated to supporting, promoting and inspiring women in all manufacturing job functions.

We encourage an ongoing discussion on diversity and inclusion through a toolbox of resources for leaders and diversity and inclusion committees at each site meet on a quarterly basis. In 2023, we launched

a e-learning course for all employees on diversity and inclusion. We train new managers on diversity and inclusion and conduct salary analyses to ensure that ensure that salaries do not depend on gender but on position, performance and skills. Moreover, we adjust working conditions to accommodate all individuals through, for example, ergonomic aids or adapted work clothes. On a local level, we have committees at our various mills that carry out workshops, training, and events related to diversity and inclusion, such as participating in Pride Parades.

We did not meet our targets for 2023, despite our efforts. We understand that improvement takes time, but we are committed to continuing our work to increase diversity.

Employer branding

We continuously work to increase awareness of Billerud as an employer of choice as this helps us to recruit top talent. Since the integration of the North American operations, we have defined a common way to engage in campaigns and on social media as one Billerud and have updated our communication materials to represent and attract a more diverse group. In 2023, we rebranded Billerud's internal and external websites and updated our onboarding portal and our career page to better represent the company as one Billerud. We work to strengthen our presence at trade fairs, events and in digital recruitment channels. We offer educational visits and participate in employer branding events at universities and schools and offer internships to seasonal workers who often return to work full time at our mills. In total, we trained 121 interns in 2023.

Sustainable leaders and employees

We want all our employees to be sustainable and by that we mean enabling them to grow and develop with us. To help achieve this, we provide training and support through our Sustainable Leadership and Sustainable Employee programs and academies.

In 2023, we continued to roll out our Sustainable Leadership program in Region North America. The programme is designed to help our leaders deliver in accordance with Billerud's expectations of our leaders. We have been working on the program since 2018. Billerud defines a sustainable leader as someone who communicates effectively, leads a safe work environment, drives change and performance, and unlocks the potential in others. As well as caring for their teams and other colleagues, it's about caring for yourself. By year-end, about 50% of all leaders in North America had received training and the remaining leaders will participate in Sustainable Leadership training in 2024. Over 150 leaders globally attended Sustainable Leadership training programs in 2023.

In 2023, Billerud developed and implemented a Sustainable Employee program that aims to fulfill the business strategy by strengthening Billerud's culture, working as one Billerud, and supporting employees in their individual roles. This program includes a Sustainable Employee Academy to support and train employees on company values, the Code of Conduct, policies, directives and processes. Additionally, training courses to develop various skills and competencies can also be selected by our employees as part of this academy, for example, diver-

sity and inclusion, navigating change, and feedback and coaching as a sustainable employee. To ensure relevancy, the program was designed based on input from 600 employees from our mills and offices around the world. An e-learning course on the program called "Being a Sustainable Employee" will be released in 2024 and will be open to everyone as well as be a mandatory part of onboarding new employees.

Employee survey

We encourage all employees to participate in our employee surveys, which are confidential and anonymous. In 2023, we had a response rate of 86%, which is higher than last year (79%) and somewhat higher when benchmarking with other companies in our industry. Since our Sustainable Leadership program was launched in 2018, our leadership index score has been steadily rising and reached an all-time high of 82 this year. The survey provides a good picture of our strengths as an employer and offers important insights into areas that need improvement. We follow up on these areas with improvement actions.

During 2023 Billerud received a number of awards as an employer of choice. For example, for the fifth year in a row, Billerud was named one of Sweden's most attractive employers in Academic Work's Young Professional Attraction Index (YPAI).

Awards 2023



Academic Work/YPAI

Top 100 most attractive company fifth year in a row.



Awarded by Karriärföretag

For the 10th time Billerud was recognized as a top 100 Career Company.



4potentials

Billerud was once again recognized as a Talent Company.



Awarded by Young Professional

Billerud is among the top 100 most attractive companies.



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Human rights

Risks associated with human and labor rights can exist internally as well as in our value chain. Billerud is a signatory member of the UN Global Compact and is committed to respecting and promoting international human rights in our own operations as well as throughout the value chain. Billerud supports the UN Guiding Principles on Business and Human Rights, recognizing that companies have a responsibility to respect human rights. We act on any identified serious human rights violations that we cause, contribute to, or are linked to. Forced, involuntary or child labor in any form is unacceptable anywhere in Billerud's value chain. Billerud respects the rights of each employee to form, join, or refuse to join, a union or association of their choice concerning the relationship between the employer and the employees, and to bargain collectively. Working conditions and terms of employment comply with applicable law and collective agreements wherever we operate. If no applicable collective agreements exist, we will follow relevant company policies, applicable laws and relevant industry standards.

Responsibility to govern our human rights approach is shared between the Legal & Compliance and Sustainability functions. The Group's compliance program on Responsible Business includes measures such as risk assessments, screening of business partners in high-risk markets, due diligence and audits, as applicable, as well as relevant training, monitoring, and reporting and disclosure. Human rights risks are also covered in the corporate Enterprise Risk Management (ERM) process. Health and safety as well as discrimination are identified as prioritized human rights impacts in our own operations. The rights of indigenous people is part of Billerud's approach to human rights and is mainly related to responsible forestry and ensuring consultation with representatives for reindeer herding in conjunction with harvesting and other forest management activities. For our supply chain, there is a Supplier Code of Conduct detailing the minimum requirements.

Targets and metrics

Definition	Outcome 2023	Target 2023
Region Europe		
Proportion of female employees in total, %	23.5	27
Proportion of female people managers, %	25.8	29
Region North America		
Proportion of female employees in total, %	17.2	20
Proportion of female people managers, %	23.4	29

Comment on outcome

We are actively working to increase the proportion of women in the company and the proportion of women in senior positions, and are actively encouraging more women to join Billerud with targeted brand marketing and recruitment activities. We are aware that women are under-represented in the industrial sector and understand that improvements may not be possible immediately, but we are committed to continuing to work

to increase diversity. In total, 21.7% (22.2) of our permanent employees are women and the proportion of female managers is 25.0% (26.3).

Comments on employee statistics

The average number of employees in 2023 was 6,134 (5,525). Most of them, over 66%, are employed in Sweden. Employees based in Asia belong to our Region Europe.

Contractors: The most common workers who are contractors within our operations are maintenance contractors, hired to do maintenance work on the equipment which could vary from replacement, to repairs, realignment or reassembly. The Group had approximately 2,100 (2,000) contractors (FTEs) working for Billerud during 2023. The calculations are based on registered hours worked for Billerud, and estimations were made in cases where data was missing.

Employees, 2023 ¹	Total	Sweden	North America	Finland	Baltic region	Rest of Europe	Asia
Average number of employees	6,134	4,057	1,774	105	69	40	89
Permanent employees at year-end, no.	5,761	3,808	1,723	104	69	38	19
of whom women, %	21.7	23.6	17.2	15.4	27.5	23.7	57.9
of whom blue-collar, %	59.9	56.0	69.5	69.2	66.7	0	0
of whom white-collar, %	40.1	44.0	30.5	30.8	33.3	100	100
Proportion of female managers, %	25.0	25.3	23.4	33.3	33.3	16.7	100
Average age, years	–	46	46	46	54	50	43
Sick leave², 2023							
Total sick leave as % of hours worked	3.7	4.1	–	4.6	5.6	1.8	0.7
Sick leave as proportion of hours worked, men %	3.8	3.8	–	4.6	6.0	1.3	0.7
Sick leave as proportion of hours worked, women %	5.1	5.1	–	4.7	4.6	2.5	0.7

¹ Data for ScandFibre Logistics AB and Bomhus Energi AB are included in the table above, except for "Proportion of female managers" and "Average age, years"

² Data for our North American operations is not included

Governance bodies ¹	Women	Men	Under 30 yrs	30-50 yrs	Over 50 yrs	Employees by gender, 31 December 2023, head count	Women	Men	Total
Board of Directors ² , %	33	67	0	17	83	Number of employees	1,273	4,537	5,810
Group Management Team, %	25	75	0	50	50	Number of permanent employees	1,242	4,493	5,735
						Number of temporary employees	31	44	75
						Number of full-time employees	1,257	4,497	5,754
						Number of part-time employees ¹	16	40	56

¹ Refers to composition when the annual report is published

² Employee representatives are not included in the table. When including employee representatives: 20% are women and 10% are in the age group 30-50 and 90% over the age of 50

Performance review: 99.6% (99) of our employees globally had performance reviews during 2023. For North America, our data only includes white collar employees.

Collective bargaining agreements: 85% (80) of Group employees are covered by collective bargaining agreements.

Sick leave: The sick leave was 3.7 (4.0). As previously, it is in the older group of employees, aged over 50, that we have the highest reported sick leave. The group 30-49 has the lowest reported sick leave.

Turnover rate: In total, the turnover rate was 7.7 (9.9).

Training hours: Training hours per employee decreased to 10.8 compared to 12.7 in 2022.

¹ In European operations: all employees working less than 100%. In North American operations: employees working less than 30 hours/week



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Employees by region, 31 December 2023, head count

	Europe	North America	Asia	Total
Number of employees	4,058	1,733	19	5,810
Number of permanent employees	3,993	1,723	19	5,735
Number of temporary employees	65	10	0	75
Number of full-time employees	4,013	1,722	19	5,754
Number of part-time employees ¹	45	11	0	56

¹ In Europe and Asia all employees working less than 100%. In North American operations: employees working less than 30 hours/week

Training hours¹, 2023

	Men	Women	Total
Average training hours per FTE ²	11.1	10.0	10.8
	30 or younger	31–50	51 or older
Average training hours ³	17.6	11.6	9.5

¹ Data for our North American operations is not included
² Per average number of employees
³ Based on end-of-year headcount (permanent and temporary employees)

Turnover, 2023

	Europe	North America	Asia
Number of people ended their employment	306	130	6
Number of new hires	360	131	0
Turnover rate, %	7.7	7.5	31.6 ¹
Turnover rate - voluntary (own resignation), %	4.0	3.4	5.3
Number of positions filled by internal candidates	144	36	0

¹ Due to divestment of Managed Packaging

Compensation ratio¹, 2023

Ratio of the annual total compensation for the organization's highest-paid individual to the average remuneration on a full-time equivalent basis of all employees (excluding the highest-paid individual): 21.67

The ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the average percentage increase in annual total compensation for all employees in Sweden and North America (excluding the highest-paid individual): 1.01

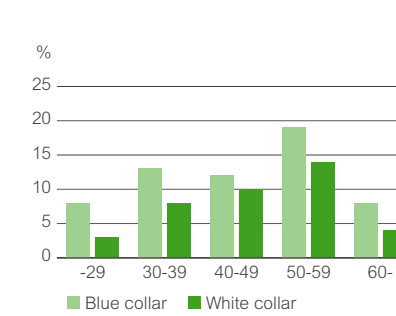
¹ Remuneration includes fixed and variable short-term and long-term remuneration and benefits

Equal pay analysis, 2023

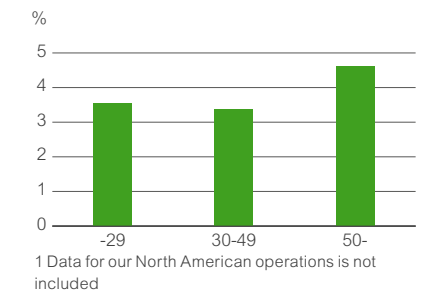
Average base pay salary, women in relation to men, %	1	2	3	4
Blue collar	95	95	97	–
White collar	91	95	–	77

The annual equal pay analysis covering the four Swedish legal entities was conducted together with union representation. The analysis resulted in three salary adjustments. The table shows women's average salary compared to men's. Group Management Team members are excluded. In Finland, for all employees, women are paid 94% in relation to men.

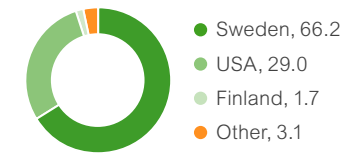
Age distribution, total Billerud, permanent employees, 31 december 2023



Sick leave per age group¹, 2023



Proportion of employees per country, 2023, %



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Safety first

The impact

Health and safety are prioritized at Billerud. We believe that no one should be injured or suffer ill health as a result of their work. A healthy and safe workplace is a fundamental right, and we work continuously to provide this by identifying and eliminating risks. We are committed to maintaining a safe work environment by keeping requirements updated, performing continuous risk assessments and sustaining a culture in which we choose the safe path over the unsafe one.

Billerud also recognizes that a strong safety performance has a positive impact on profitability. Safe and healthy environments lower not only incidents and accidents, but also contribute to a more efficient production, and are therefore essential for stable, sustainable and profitable operations.

Policies and certifications

Billerud has a Health and Safety Policy which expresses the overarching principles and general obligations for safety and the working environment. Every employee must sign a commitment to a safe workplace and follow up the commitment in annual performance reviews with managers.

The policy is supplemented by an Occupational Health and Safety (OHS) directive detailing health and safety-related requirements. The policy and directive apply to everyone who works for, or on behalf of Billerud, including board members, employees, interns and contractors. Among other things the policy undertakes to ensure that health and safety is an integral component of all activities and decisions in the entire company and that this is done in collaboration with employees and the unions representing the workers. The CEO is the policy owner and responsible for its implementation, ensuring it is communicated, and for monitoring compliance. Billerud's representatives are expected to report violations (including suspected violations) of the policy.

Our Supplier Code of Conduct specifies Billerud's minimum requirements on OHS for suppliers. OHS is a part of the supplier evaluation process.

Certification of mills

In 2023, we focused on the process of evaluating our European mills according to ISO 45001 and are well on our way to receiving certification. Our ambition is that all European mills are ISO 45001 certified by 2025. Billerud currently has an occupational health and safety management system with common procedures for both the European and North American operations that corresponds to the requirements in ISO 45001 as well as national legal requirements. The goal for the mills in Region North America is to achieve ISO 45001 certification in the future.

Actions

Training and safety culture

We communicate a safety first mindset and promote a shared responsibility to foster a safety culture and an injury-free workplace. Our safety road map aims for zero accidents as we are convinced that all accidents can be prevented. Billerud's rolling three-year safety roadmap outlines

the objectives, goals, strategies and Key Performance Indicators (KPIs) for our operations. Action plans are revised annually as needed.

A health and safety mindset is communicated through leadership in daily operations and emphasized in multiple channels such as posters, leaflets and the intranet. All employees go through safety training, which is a part of the onboarding process for new employees. During 2023 we rolled out our Sustainable Employee Program which, among other things, highlights the importance of caring for others and putting safety first. Our Sustainable Leadership Program also puts safety first and we train our leaders on how to ensure a safe physical and psychological work environment. Additionally, we offer safety leadership training for all supervisors and managers in Region North America and operator safety training for production personnel. There is also specific training regarding, for example, chemical handling and heavy machinery. Building a safety culture extends to our contractors who receive training and are obliged to report all injuries, incidents and observed risks. This information is included in a report and follow-up.

Rules and procedures

Our ten life-saving rules, communicated through training, intranet, posters and in meetings, focus on work areas where there is a particularly high risk of injury, and they guide employees and contractors working at our sites on safe practices. The rules include, for example, how to safely handle chemicals, the need for a written permit for high-risk work, and a reminder to maintain a safe distance from moving machine parts.

Maintenance and other work on equipment can only be carried out if the equipment has been safely shut down. Lockout and tagout procedures are designed to ensure this occurs. Lockout audits were conducted in both of our regions during the year and each facility received an action plan with recommendations. Most recommendations were completed by the end of the year.

The rules and regulations concerning personal protective equipment (PPE) have become more stringent and in 2023, Billerud raised the mill standards to meet the highest level of safety and ensure consistency in the requirements for all our mills and contractors. Efforts were taken during the year to raise awareness within Billerud regarding PPE and meetings were held with contractors to make sure they too understand and comply with the requirements.

Safety walks and audits

Members of the management team at every mill conduct safety meetings, safety walks and/or key safety procedure audits (KSPAs). In 2023, each management team member conducted at least 30 safety walks in Region Europe. This gave a total of 1,923 safety walks, which surpassed the target of 1,680. In Region North America, a total of 1,602 KSPAs were conducted, which surpasses our target of 1,332 KSPAs. The walks and audits contribute to making management team members visible on the floor, something that is appreciated by both employees and managers.

Health services

All employees have free access to health services through internal and/or external service providers. The services include access to doctors, nurses, ergonomists, and other health specialists. The production units hold regular campaigns related to wellness, exercise and dietary advice, among other things. In addition to physical health and safety we also recognize the need to break the stigma around mental health issues and provide support to those in need.

The main types of work-related injuries in Region North America are bruises, strains and sprains, burns, and lacerations, while the main risks are chemical exposure, contact with sharp objects, and slips, trips and falls. In Region Europe, the main types of work-related injuries are crush injuries, sprains and strains, wounds, burns, and eye injuries, while the main risks are slips, trips and falls on the same level, acute strain, and contact with sharp objects. Other work-related risks include fires, explosions, contact with harmful substances, being hit by falling objects, traffic, and jamming between objects.

Strain injuries were reduced in Region North America by 50% compared to last year, while Region Europe saw an increase in the number of acute strain injuries being reported in 2023.

Risk assessments and observations

The identification of hazards, risk assessments and incident investigation of safety incidents are performed for each department and unit and is the responsibility of the respective manager. OHS specialists facilitate through training, written procedures and checklists to follow up on results. Safety representatives and employees are involved in the entire risk handling process. Risk assessments are done by assessing both the consequences and the probability for the risk to occur and risk assessments and mitigation plans are updated regularly. The identification of hazards is based on legal requirements, consideration of organizational, social and physical factors, incident reports, risk observations, potential emergencies, changes, and learnings from various types of data.

Risk observations are about taking joint responsibility to see, act and report a risk before an incident or accident occurs. This is one effort that could contribute to a safer workplace, and why all employees and contractors are encouraged to identify and report unsafe situations or actions. Risk observations also include positive observations with the aim to lift positive examples. In 2023, the number of risk and safety observations reported in Region Europe was 14,145. The target going forward is to increase the number of risk observations reported and for 2024 we are aiming for a least 5.2 risk observations per employee on average. The number of risk observations reported in Region North America was 1,622, which surpasses our target of 1,128 risk observations.



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Quinnesec rewarded for excellence in workplace safety and health
 Quinnesec mill was awarded continued status as a Star participant in the Michigan Voluntary Protection Program (MVPP), which recognizes excellence in workplace safety and health. Quinnesec initially received this status in 2001, making the Quinnesec Mill the longest running site in the state of Michigan to hold MVPP Star status.

Measuring LTIFRs
 All injuries, risk and safety observations, safety walks and/or safety audits for both of our regions are recorded in our OHS Report.
 Our ultimate goal is zero injuries and as a first step, we are working towards a Lost Time Injury Frequency Rate (LTIFR) under 1.5. Risk and safety observations are a leading KPI. In 2023, the LTIFR for employees and contractors in our European operations amounted to 4.3 (7.3), an improvement over the previous year. The LTIFR for employees and contractors in our North American operations was 1.6. This was the first time we included data from our contractors in North America.

Fatality in the Frövi mill
 A tragic fatality occurred in the Frövi mill on 30 April 2023. An employee at the mill in Frövi was found unconscious in a section of the pulp mill and was given cardiopulmonary resuscitation (CPR), but later passed away in the hospital. The cause of death was later found to be exposure to the toxic gas hydrogen sulphide (H₂S).

Billerud completed an extensive internal investigation of this event and has thereafter clarified its safety regulations for operators and instructions for managers to follow up that the regulations are followed. Billerud has shared the findings and is cooperating with the Swedish Work Environment Authority and the Swedish Police in their ongoing investigation of this event.

Disease outbreak
 The Escanaba mill was idled for three weeks during the second quarter to proactively implement recommendations from health and occupational experts related to a blastomycosis outbreak at the mill. After performing deep cleaning of the mill, operations were successfully

resumed. To date, no blastomyces spores have been found within the Escanaba mill. Although a direct link has not been established, a person who worked as a contractor at the mill and was infected has died. These tragic events underline the importance of the safety work. Our top priority is the health and safety of our employees and contractors. We worked closely with, and followed the recommendations of, local, state and federal health experts, who at our request, investigated this situation.

Targets and metrics

Definition	Outcome 2023	Target 2023
Injury rate, own employees and contractors, LTIFR	3.6	3.9

Comment on outcome
 The lost time injury frequency rate (LTIFR) for Billerud's employees and contractors during 2023, excluding incidents due to the blastomycosis outbreak at Escanaba, was 3.6. The target for LTIFR for the year was thus reached.

	Billerud total ¹			2023 Europe			North America ¹			2022 Billerud total ²			2021 Billerud total ⁷		
	Employees	Contractors	Total workforce	Employees	Contractors	Total workforce	Employees	Contractors	Total workforce	Employees	Contractors	Total workforce	Employees	Contractors	Total workforce
Safety⁸															
Number of fatalities	1	0	1	1	0	1	0	0	0	0	1	1	0	0	0
Number of high-consequence work-related injuries	2	0	2	2	0	2	0	0	0	5	2	7	4	2	6
Number of LTI ³	39	15	54	37	10	47	2	5	7	65	20	85	48	18	66
Number of TRI ⁴	72	29	101	65	20	85	7	9	16	102	27	129	76	23	99
Million Hours worked	11.8	4.2	16.0	8.1	3.6	11.7	3.7	0.7	4.3	11.9	2.9	14.8	8.1	2.2	10.3
LTIFR ⁵	3.6	3.6	3.6	4.9	2.8	4.3	0.5	7.5	1.6	5.4	6.9	5.7	5.9	8.3	6.4
TRIFR ⁶	6.1	6.9	6.3	8.0	5.6	7.3	1.9	13.5	3.7	8.5	9.3	8.7	9.4	10.6	9.6
Risk observations	15,513	254	15,767	13,891	254	14,145	1,622	–	1,622	7,301	303	7,604	4,813	517	5,330
Safety walks	1,923	–	1,923	1,923	–	1,923	–	–	–	1,619	–	1,619	666	–	666
Key Safety Procedure Audit (KSPA)	1,602	–	1,602	–	–	–	1,602	–	1,602	687	–	687	–	–	–

¹ Figures in the table are excluding blastomycosis. Including blastomycosis:
 Billerud total, 2023
 Fatalities Employees: 1. Contractors: 1. Total: 2
 LTI Employees: 83. Contractors: 16. Total: 99
 TRI Employees: 210. Contractors: 36. Total: 246
 LTIFR Employees: 7.3. Contractors: 4.0. Total: 6.4
 TRIFR Employees: 17.8. Contractors: 8.5. Total: 15.3
 North America, 2023
 Fatalities Employees: 0. Contractors: 1. Total: 1
 LTI Employees: 46. Contractors: 6. Total: 52
 TRI Employees: 145. Contractors: 16. Total: 161
 LTIFR Employees: 12.5. Contractors: 10.5. Total: 12.2
 TRIFR Employees: 39.5. Contractors: 23.9. Total: 37.1

² Figures from North America 2022 does not include contractors
³ Lost Times Injuries
⁴ Total Recordable Injuries. Total number of Injuries and illnesses resulting in death, lost time, medical treatment or restricted work
⁵ Lost Time Injury Frequency Rate based on 1,000,000 hours worked
⁶ Total Recordable Injury Frequency Rate based on 1,000,000 hours worked
⁷ Before the acquisition of Verso
⁸ Data for ScandFibre Logistics AB and Bomhus Energi AB is included

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Responsible supply chain

The impact

Billerud procures a wide variety of raw materials and services from a global supplier base. These include chemicals, wood, transport, energy, products, services and much more. It is essential that we work with suppliers who are able to fulfill our expectations and requirements regarding sustainability and that they follow our business ethics as outlined in our Supplier Code of Conduct. This will reduce our risk exposure and strengthen our competitive advantage.

We have routines in place to identify suppliers that are critical to the business, such as suppliers of direct materials, suppliers with a purchase value over a certain threshold, or those who are deemed to have a sustainability risk. Risks are considered when onboarding new suppliers and they are monitored for, among other things, environmental risks as well as screened through Billerud's list of excluded and high-risk markets (defined as jurisdictions perceived as having high risk related to responsible business, for example, human rights, labor rights and/or corruption). International standards, current legislation, and regulations also apply to all of our suppliers.

Policies

In addition to the Billerud Code of Conduct, our activities are governed by the Group Operations, Quality and Procurement Policy, which is supported by underlying directives and other steering documents. Our Group Procurement Directive was updated during the year to better clarify work processes and roles. It supports the procurement function on executing the company strategy and establishing the standards of professional conduct that are to be observed while performing procurement activities. The directive and Supplier Code of Conduct communicate our expectations and requirements to the supply market.

Actions

We have continuous dialogue with our suppliers to increase their knowledge of our Supplier Code of Conduct and to strengthen their sustainability performance in order to meet our requirements. We also encourage our suppliers to develop and improve sustainability in their own supply chains.

Along with the Supplier Code of Conduct, Billerud conducts supplier assessments on individual suppliers. These are based on requirements for environmental, social and ethical responsibility.

We also work extensively to assess our wood suppliers based on these same requirements. All wood raw material is controlled under international standards. Read more about wood procurement on page 124.

Region Europe

Billerud's purchasers undergo training in the Supplier Code of Conduct and on the processes we use for evaluating suppliers. The Supplier Code of Conduct is an essential component in our supply chain activities as it outlines our supplier expectations and requirements. It is incorporated into all new contracts (over a certain threshold value) or signed as a separate document by those suppliers who have long-term contracts with us. For Region Europe, our target is to have the Supplier Code of Conduct signed by 95% of our supplier spend (over applicable threshold values) by the end of 2025. 91% of our suppliers had signed the Supplier Code of Conduct at the end of 2023.

Since 2019, we have been using EcoVadis, a third-party solution, to assess supplier performance. Assessments are conducted annually, and we receive an evaluation focusing on four main categories: Environment, Labor and Human Rights, Ethics, and Sustainable Procurement. The assessment survey is adapted to the supplier's number of employees, geographical location and sector. Suppliers receive a rating and a scorecard. Billerud has set rating levels for approval, approval with conditions or non-approval. Those suppliers approved with conditions need to commit to improving their performance and must implement a Corrective Action Plan. In the case of deviations, Billerud provides guidance and support to help the supplier implement systematic improvements.

Purchases of direct material such as chemicals, are critical from a supply and sustainability perspective and are therefore prioritized in supplier assessments. The proportion of the purchasing value for this category, assessed during 2023, was 88%. In 2023, a total of 474 (399) suppliers were assessed, all of which were approved. 35 (38) suppliers were ordered to carry out a Corrective Action Plan prior to the next assessment.

Transports

Evaluations of the logistics companies that manage inbound transports of wood raw material and outbound transports are conducted via tailored supplier assessments that cover health and safety, working conditions and the environment. Assessments of transporters of wood raw material did not show any significant deviations in 2023. As far as outgoing transport is concerned, suppliers responsible for 89% (84) of the procurement volume were assessed during the last three years, and no significant deviations were shown during 2023.

Region North America

In 2023, we continued the work with integrating the Supplier Code of Conduct into our North American operations. 56% of our suppliers (over applicable threshold values) in North America had signed the Supplier Code of Conduct at the end of 2023, which surpasses our target of 35%. Our North American operation's target is to have the Supplier Code of Conduct signed by 95% of our supplier spend (over applicable threshold values) by the end of 2025.

Targets and metrics

Definition	Outcome 2023	Target 2023
Proportion of purchase value covered by supplier assessment ¹ , %	88	81
Proportion of our supplier spend by signed Supplier Code of Conduct ² , %	82	75

¹ Purchase value includes group purchasing and logistics but excludes wood supply. This target refers to our European operations only. Regarding logistics: assessments during the last three years

² Total Billerud. Over a certain threshold value

Comment on outcome

88% (87) of the purchase value was covered by supplier assessments. This means that we reached our target. The conducted supplier assessments showed no significant risk or evidence of child labor, forced labor or lack of freedom of association. Consequently, no supplier agreement was terminated as a result of the findings in the annual supplier assessment.

82% of our suppliers (over applicable threshold values) signed our Supplier Code of Conduct during 2023. This means that we reached our target for 2023, which was 75 %.



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Community engagement

The impact

We are a large purchaser of wood fiber and a major employer in many of the communities where we operate. This gives us a significant direct and indirect impact on the community and the surrounding environment. Therefore, we strive to minimize the negative impact and maximize the positive impact on society. We engage with stakeholders that are affected by our operations through a transparent dialogue that enables us to understand expectations and needs, and respond in a desired direction.

Billerud is a large private employer in several municipalities in which our Swedish production units are located. Many of our employees live in the municipality where their workplace is situated. Billerud therefore has a significant indirect impact on the local community due to the establishment of fundamental community services and infrastructure investments. Proximity to our production plants also enables surplus heat from parts of the production to be used for domestic heating. In 2023 Billerud in Sweden sold a total of 1,011 (925) GWh, which is equivalent to the amount of energy needed to heat approximately 62,500 houses.

Policies

Billerud engages with the local community and supports local initiatives and sports activities. These are governed in our sponsorship guidelines which state that we prioritize the following:

- Activities that are inclusive and have a clear diversity perspective
- Local sports clubs and other nonprofit associations that focus on children and young people
- Social initiatives that focus on children and young people
- Sustainability initiatives that have a connection to our business or market areas

Actions

Engagement and dialogue with local communities

We pursue a constant dialogue with the communities and residents, offering a range of channels and forums through which they can submit their views on our business. This includes digital channels, direct contact and consultation meetings.

In North America, we have representatives on the Delta County Chamber of Commerce and Delta County Economic Development Alliance. The purpose with these associations is to promote healthy business environments and to make Delta County a better community to live in and do business.

Opinions and questions from local residents are documented in internal systems and followed up to determine relevance, continued dialogue and the need for a solution or course of action. During the year, about 80 (80) questions were received from local residents in both Europe and North America, a majority of which concerned odor. In connection with the fine-tuning of the new recovery boiler in Frövi, there was a system error linked to the gas combustion, which meant that the back-up system did not start up quickly enough, resulting in odorous gases for a few minutes that then spread quickly. The odor is from the pulping process and consists of completely harmless sulfur compounds. Extensive efforts were put in place to resolve the system failure. Under normal operation, the new recovery boiler will reduce odorous gases by up to 65%.

Consultation for responsible forestry

Reindeer herding representatives are consulted within the framework of responsible forestry. In 2023, there were 2 (2) consultations carried out regarding the land managed by Billerud. No incidents concerning violations of the rights of indigenous peoples were identified in 2023. Billerud encourages and conducts regular dialogue with its neighbors and other stakeholders who are interested in knowing more about, or have views on, the measures being implemented in the forest. We also work jointly with other actors on the harvesting of forests held by smaller private owners.

Proactive work creates jobs

Billerud takes a proactive and long-term approach to job creation. In addition to our own job initiatives, we engage in external efforts, including the government work experience programs Teknicsprånget and Jobbsprånget in Sweden. Teknicsprånget is geared towards young people under the age of 21 who are qualified to study for a degree in engineering, while Jobbsprånget is a program that offers four-month internships for newly arrived foreign academics to make the most of their skills and ease their entry into the Swedish labor market. In 2023, a total of 106 (89) interns completed work placements, together with 15 (18) students doing their degree projects with Region Europe. This amounted to 905 (935) weeks of work experience in total in Europe. In Region North America we had 428 (406) weeks of experience during 2023. In total, we had 1,333 weeks of work experience, including both Region Europe and North America.

Support

Every year, Region North America hosts a campaign at each of its locations to raise money for the United Way affiliate representing the area for each location. United Way is an international network of over 1,800 local nonprofit fundraising affiliates that seek to improve the health, education, and economic mobility of every person in every community

they serve. With company and employee contributions combined, the total amount raised for our 2023 United Way Campaign was about USD 157,000 (158,000). In addition to our partnership with United Way, we support other nonprofit organizations that serve our local communities through numerous employee volunteer hours and additional fundraising activities.

Our commitment to corporate citizenship goes beyond philanthropy; it reflects our belief that businesses can be catalysts for positive change in the communities in which they operate to build a future where everyone can thrive, even in the face of challenges.

Targets and metrics

Definition	Outcome 2023	Target 2023
Number of weeks of work experience ¹	905	1,300

¹ Target and outcome apply to the Region Europe

Comment on outcome

We had 905 (935) weeks of work experience in total in Europe during 2023. This means that we did not reach our target for the year. We had 428 weeks of experience in Region North America in 2023, which means 1,333 weeks in total.



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Economic impact and tax transparency

Billerud contributes to sustainable economic growth with sustainable innovation as a strategic tool for development. Increased customer value is a contributor to economic stability for Billerud. The finance function is responsible for performing financial follow-up and reporting. The Group's approach to tax and risk is monitored by the tax function (part of Group Finance) and overseen by the CFO and the Audit Committee. We

believe that Billerud should pay the amount of tax legally due in accordance with applicable worldwide laws. Hence, we have a commitment to not transfer value created to low tax jurisdictions. We obtain advice from appropriately qualified external advisors when needed, which means that we have a strong level of tax knowledge available to utilize when required.

Economic value distributed, per shareholder, SEKm	2023	2022	2021
<i>Direct economic value generated:</i>			
Income	41,633	46,869	26,423
Whereof payments from right issue	–	3,435	–
<i>Economic value distributed by:</i>			
Suppliers	–30,700	–29,789	–18,882
Investments in property, plant and equipment and non-current intangible assets	–3,177	–3,330	–1,526
Salaries and employee benefits	–6,350	–5,719	–3,873
Interest to lenders	–442	–186	–119
Dividend to shareholders	–1,864	–890	–890
Taxes paid ¹	–626	–453	–145
Social investments	–2	–	–
Total	–43,161	–40,367	–25,435
At the company's disposal	–1,528	6,502	988
Paid tax by country¹, SEKm			
Sweden ¹	–381	–376	–124
USA	–220	–28	–1
India	1	–27	–
Spain	–8	–7	–5
Germany	2	–3	–3
Italy	–11	–3	–
China	4	–2	–3
United Kingdom	–2	–2	–2
Latvia	–	–	–2
France	–6	–2	–2
Vietnam	–3	–1	–2
Netherlands	–	–1	–1
Bangladesh	–1	–1	–
Finland	–1	–	–
Total	–626	–453	–145

¹ Includes net property tax

Of total net sales in the Group of SEK 41,224 million (42,590). Net sales in legal entities registered in Sweden amount to SEK 25,781 million (26,779), USA SEK 12,708 million (12,733), Finland SEK 1,977 million (1,853), and China SEK 325 million (523). Of total operating profit of SEK 534 million (5,687), operating profit in legal entities registered in Sweden amount to SEK –419 million (3,658), USA SEK 797 million (1,826), Finland SEK 18 million (–47), and China SEK 13 million (48).



Governance

Responsible business

The impact

Billerud seeks to act responsibly in every part of the value chain where it is active, and to operate with integrity and in compliance with applicable laws, regulations and international standards. Billerud aims to use its influence as a company to improve and strengthen responsible business also beyond its own operations.

Responsible business is crucial for the success of Billerud. The Group-wide governance framework outlines the hierarchy for steering documents, decision mandates and mechanisms to identify and handle risks. The framework comprises Billerud's Code of Conduct and Supplier Code of Conduct, Group policies, Group directives, processes, procedures, and other supporting documents.

Compliance program

Billerud's responsible business compliance program seeks to strengthen responsible business practices, increase employee awareness and reduce the Group's business risks. These risks are affected by an increasingly complex regulatory environment. To mitigate risk, the responsible business compliance program includes processes for risk assessment, due diligence, training, monitoring and reporting. Key components of the program are integrated in business processes.

An important aspect of responsible business is having adequate knowledge about business partners. Billerud categorizes certain markets as high risk depending on the perceived degree of corruption, existence of international sanctions, history of human rights violations and/or lack of transparency. Depending on the categorization, varying due diligence measures are applied in relation to business partners in such countries. In 2023, work continued to further automate and digitalize a third-party management system and integrate it with business processes.

The key components of the responsible business compliance program are regulated in relevant steering documents (Group Responsible Business Policy and several Group directives, processes, procedures and other supporting documents). The governance framework is applicable globally, providing a Group-wide standard for responsible business.

Billerud's Code of Conduct and values – Place the Customer in the Center, Dare to Innovate, Lead the Change and Care for Each Other – are the cornerstones of Billerud's responsible business program. They apply to everyone working with or for Billerud. The Code of Conduct establishes a foundation for how to behave towards each other and with our stakeholders. In line with international standards, the Code of Conduct establishes, for example, that we shall always place safety first, respect human rights, have zero tolerance for corruption and take responsibility for reducing our environmental impact.

Billerud expects its key business partners to share Billerud's views on responsible business. For this purpose, suppliers are required to sign and adhere to Billerud's Supplier Code of Conduct. The Supplier Code

Billerud's Responsible Business Compliance Program focuses on five areas: anti-money laundering, anti-corruption, compliance with competition rules, compliance with international sanctions, and respect for human rights. Several components are necessary to ensure compliance within these areas, as illustrated by the ten-step wheel. Each step is frequently reviewed and revised to identify opportunities for improvement and more efficient processes.



of Conduct covers subjects such as general compliance with laws and regulations, business integrity, human and labor rights, health and safety and environmental protection. Read more in "Responsible supply chain" on page 131. Both the Code of Conduct and Supplier Code of Conduct are available on the intranet and external website in several languages.

Speak-up line

Suspected malpractice, such as corruption, financial fraud, breach of competition law and material breaches of the Billerud Code of Conduct, can be reported via Billerud's speak-up line. Reports can be made anonymously. The speak-up line is a web-based portal which is supplied by an independent third-party service provider, but the system is operated by Billerud. Access to reports and messages received through the

speak-up line is restricted to specially appointed speak-up line officers who receive and handle the reports. When needed, experts may contribute to the investigation process. Everyone involved in speak-up line cases works under strict confidentiality. All personal data is protected, as well as erased according to regulations and internal rules, when the personal data is no longer necessary and/or when the case is handled and closed.

Billerud tracks the effectiveness and awareness of the speak-up line, including through the annual employee survey.

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Actions

As a consequence of Russia's invasion of the Ukraine, Billerud had particular focus on compliance with international sanctions also in 2023. Billerud complies with applicable sanctions and regulations and has suspended all sales to Russia. The limited, indirect, supply of wood originating from Russia has been terminated. Billerud has continued to work on increasing awareness of sanctions compliance through training and communication, both internally and in relation to key third parties, such as suppliers, agents and trading houses. Such third parties shall commit to compliance with international sanctions in legally binding contracts with Billerud.

Proactive work on training initiatives

Training related to the Billerud Code of Conduct takes place regularly. The general level of knowledge regarding the Code of Conduct is followed up on in the annual employee survey. By the end of 2023, 95% of all employees had completed training in the Code of Conduct.

Further to the general Code of Conduct training, Billerud offers more detailed training for selected groups of employees, for example in relation to anti-corruption and competition law. In 2023, 208 employees completed the anti-corruption e-learning and 180 employees the competition law e-learning.

Targets and metrics

Definition	Outcome 2023	Target 2023
Proportion of employees who had completed the Code of Conduct e-learning course, %	95	95

Comment on outcome

By the end of 2023, 95% (94) of employees had completed the Code of Conduct training, which means that we met the target.

Reports in speak-up line

In 2023, a total of 25 (13) cases globally were handled through the speak-up line. The majority of cases concerned operational feedback or were HR related. However, there were also some reports related to legal compliance. After investigation, corrective actions were taken in one case. There were no cases of confirmed incidents of corruption or

conflicts of interest. No reports regarding child labor or slave labor were received during the year, either through the whistleblowing system or any other reporting channel.

In 2023, 16 (14) cases concerning discrimination or harassment were investigated and handled outside the speak-up line by HR. After investigating, the company has taken corrective measures based on the severity of the cases.

Summary of fines and legal measures

No significant fines or other sanctions due to breaches of law were imposed on the company during 2023, nor was any legal action taken against the company regarding anti-competitive behavior, cartels, monopolies, anti-corruption, or insider trading. There were no incidents registered regarding breaches of customer privacy during the year.

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Statement of use	Billerud has reported in accordance with the GRI Standards for the period 1 January 2023–31 December 2023.			
GRI STANDARD	Disclosure	Location	Requirement(s) omitted	Explanation
General disclosures				
GRI 2: General Disclosures 2021	2-1 Organizational details	3, 26, 29, 34, 36		
	2-2 Entities included in the organization's sustainability reporting	101		
	2-3 Reporting period, frequency and contact point	101, 150		
	2-4 Restatements of information	111, 122		
	2-5 External assurance	101, 141		
	2-6 Activities, value chain and other business relationships	3, 10, 104, 124-125, 131-132		
	2-7 Employees	126-128		
	2-8 Workers who are not employees	127		
	2-9 Governance structure and composition	36-40, 101		
	2-10 Nomination and selection of the highest governance body	36-38		
	2-11 Chair of the highest governance body	45		
	2-12 Role of the highest governance body in overseeing the management of impacts	101		
	2-13 Delegation of responsibility for managing impacts	101		
	2-14 Role of the highest governance body in sustainability reporting	101		
	2-15 Conflicts of interest	38, 101		
	2-16 Communication of critical concerns	101, 135		
	2-17 Collective knowledge of the highest governance body	101-102		
	2-18 Evaluation of the performance of the highest governance body	38, 101		
	2-19 Remuneration policies	39-40, 101		
	2-20 Process to determine remuneration	39-40, 101		
	2-21 Annual total compensation ratio	128		We report compensation ratio based on average remuneration.
	2-22 Statement on sustainable development strategy	5-6		
	2-23 Policy commitments	101-102		
	2-24 Embedding policy commitments	101-102		
	2-25 Processes to remediate negative impacts	101-102, 134-135		
	2-26 Mechanisms for seeking advice and raising concerns	101-102, 134-135		

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GRI STANDARD	Disclosure	Location	Requirement(s) omitted	Explanation
General disclosures				
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	135		No significant fines or other sanctions due to breaches of law were imposed on the company during 2023. We have not paid any significant fines related to environmental or ecological issues.
	2-28 Membership associations	102		
	2-29 Approach to stakeholder engagement	105-106		
	2-30 Collective bargaining agreements	127		
Material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	105		
	3-2 List of material topics	105		
Economic performance				
GRI 3: Material Topics 2021	3-3 Management of material topics	41-42, 133		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	133		
Anti-corruption				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135		
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	135		
Anti-competitive behavior				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	135		
Materials				
GRI 3: Material Topics 2021	3-3 Management of material topics	118-120		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	122		
Energy				
GRI 3: Material Topics 2021	3-3 Management of material topics	118		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	121		
	302-3 Energy intensity	120, 121		
Water and effluents				
GRI 3: Material Topics 2021	3-3 Management of material topics	118-119		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	119		
	303-2 Management of water discharge-related impacts	119		
	303-3 Water withdrawal	119, 122		
	303-4 Water discharge	119, 122		
Biodiversity				
GRI 3: Material Topics 2021	3-3 Management of material topics	124-125		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	124-125		



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GRI STANDARD	Disclosure	Location	Requirement(s) omitted	Explanation
Emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	109-110		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	111		
	305-2 Energy indirect (Scope 2) GHG emissions	111		
	305-3 Other indirect (Scope 3) GHG emissions	111		
	305-4 GHG emissions intensity	111, 120	Scope 3 not included.	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	122		
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	118-120		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	119-120		
	306-2 Management of significant waste-related impacts	118-120		
	306-3 Waste generated	122	Disposal method not included. Hazardous waste is sent for external handling.	
Supplier environmental assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	131		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	131	No specific figure for new suppliers.	
Occupational health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	129-130		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	129-130		
	403-2 Hazard identification, risk assessment, and incident investigation	129-130		
	403-3 Occupational health services	129-130		
	403-4 Worker participation, consultation, and communication on occupational health and safety	129-130		
	403-5 Worker training on occupational health and safety	129-130		
	403-6 Promotion of worker health	129-130		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	129-130		
	403-9 Work-related injuries	130		

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GRI STANDARD	Disclosure	Location	Requirement(s) omitted	Explanation
Training and education				
GRI 3: Material Topics 2021	3-3 Management of material topics	126		
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	127		
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3 Management of material topics	126-127		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	127		
	405-2 Ratio of basic salary and remuneration of women to men	128		
Non-discrimination				
GRI 3: Material Topics 2021	3-3 Management of material topics	126-127, 135		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	135		
Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3 Management of material topics	127, 131		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	131		
Child labor				
GRI 3: Material Topics 2021	3-3 Management of material topics	127, 131		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	131		
Forced or compulsory labor				
GRI 3: Material Topics 2021	3-3 Management of material topics	127, 131		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	131		

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GRI STANDARD	Disclosure	Location	Requirement(s) omitted	Explanation
Rights of indigenous peoples				
GRI 3: Material Topics 2021	3-3 Management of material topics	124-125, 127, 132		
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	132		
Local communities				
GRI 3: Material Topics 2021	3-3 Management of material topics	132		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	132		
	413-2 Operations with significant actual and potential negative impacts on local communities	132		
Supplier social assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	131		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	131	No specific figure on new suppliers.	
Customer health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	123, 134-135		
Material topic: GRI 416: Customer Health and Safety (2016)	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	123		
Marketing and labeling				
GRI 3: Material Topics 2021	3-3 Management of material topics	123, 134-135		
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	123		
	417-3 Incidents of non-compliance concerning marketing communications	123		
Customer privacy				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	135		

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Assurance Report

Auditor's Limited Assurance Report on Billerud AB's Sustainability Report and statement regarding the Statutory Sustainability Report

To Billerud AB, Corp. id. 556025-5002

Introduction

We have been engaged by the Board of Directors of Billerud AB to undertake a limited assurance engagement of Billerud AB's Sustainability Report for the year 2023. Billerud AB has defined the scope of the Sustainability Report on page 101 in this document, the Statutory Sustainability Report is defined on page 2.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 101 in the Sustainability Report and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our responsibility is limited to the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s accounting standard RevR 12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 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.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal

and regulatory requirements. We are independent of Billerud AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the CEO as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the CEO.

A Statutory Sustainability Report has been prepared.

Stockholm, March 26th 2024

KPMG AB

Hök Olov Forsberg

Authorized Public Accountant

Torbjörn Westman

Expert Member of FAR



Five-year summary and alternative performance measures (APM)

In addition to the financial measures defined in IFRS, certain key figures, which qualify as alternative performance measures (APM) are presented to reflect the underlying business performance and enhance comparability from period to period. These APMs should not be considered as a substitute for measures in accordance with IFRS.

Summary income statement

SEKm	2023	2022	2021	2020	2019
Net sales	41,224	42,590	26,206	23,884	24,445
Other income and operating expenses (excluding depreciation, amortization and impairment)	-37,910	-34,423	-22,305	-21,172	-21,615
EBITDA	3,314	8,167	3,901	2,712	2,830
EBITDA, %	8	19	15	11	12
Depreciation, amortization and impairment	-2,780	-2,480	-1,912	-1,938	-1,744
Operating profit	534	5,687	1,989	774	1,086
Operating profit, %	1	13	8	3	4
Net financial items	-349	186	-113	-95	179
Profit before tax	185	5,873	1,876	679	1,265
Tax	299	-1,283	-391	-3	-254
Profit from discontinued operations, net of tax	-	-	-	-16	5,709
Net profit	484	4,590	1,485	660	6,720

Summary statement of cash flows

SEKm, 31 December	2023	2022	2021	2020	2019
Profit before tax	185	5,873	1,876	679	1,265
Adjustments for non-cash items	2,963	2,488	1,961	1,622	1,626
Tax paid	-561	-453	-141	83	-109
Cash flow from changes in working capital	703	-1,079	196	-53	-463
Cash flow from operating activities	3,290	6,829	3,892	2,331	2,319
Investments in tangible and intangible assets	-3,177	-3,330	-1,526	-1,250	-2,868
Operating cash flow after investments in tangible and intangible assets	113	3,499	2,366	1,081	-549

Reconciliation of non-cash items

SEKm	2023	2022	2021	2020	2019
Depreciation, amortization and impairment of non-current assets	2,780	2,480	1,912	1,938	1,744
Financial items	196	114	18	-16	37
Disposal of non-current assets	-14	22	-	-2	8
Pensions and other provisions	-233	-100	-30	-84	-211
Unrealized result from emission rights	17	-69	20	-5	10
Share of profit/loss in associates/impairment of investments	194	19	-89	-89	17
Share based payments	23	22	7	6	6
Capital loss, sale of subsidiary	-	-	123	-	-
Revaluation of biological assets	-	-	-	-132	-
Other	-	-	-	6	15
Total non-cash items	2,963	2,488	1,961	1,622	1,626

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Key figures

	2023	2022	2021	2020	2019
Margins					
EBITDA margin, %	8	19	15	11	12
Adjusted EBITDA margin, %	9	19	16	11	12
Operating margin, %	1	13	8	3	4
Adjusted operating margin, %	2	13	8	3	4
Return (rolling 12 months)					
Return on capital employed, % (ROCE)	2	18	8	3	4
Adjusted return on capital employed, % (adj. ROCE)	2	18	9	3	4
Return on equity, %	2	18	8	3	41
Capital structure at end of period					
Capital employed, SEKm	32,872	33,834	24,008	24,667	24,938
Working capital, SEKm	3,684	5,140	2,017	2,292	2,159
Equity attributable to owners of the parent company, SEKm	26,945	29,254	20,041	19,294	19,462
Interest-bearing net debt, SEKm	5,927	4,581	3,968	5,373	5,476
Net debt/equity ratio	0.22	0.16	0.20	0.28	0.28
Interest-bearing net debt / EBITDA	1.8	0.6	1.0	2.0	1.9
Interest-bearing net debt / Adjusted EBITDA	1.6	0.6	1.0	2.0	1.9
Key figures per share					
Earnings per share, SEK	1.95	20.13	7.18	3.19	32.50
Adjusted earnings per share, SEK	3.06	20.36	8.03	3.17	4.89
Dividend (for the financial year) per share, SEK	2.00 ¹	7.50 ²	4.30	4.30	8.60 ³
Other key figures					
Working capital as percentage of net sales, %	12	11	9	11	8
Investments in tangible and intangible assets, SEKm	3,177	3,330	1,526	1,250	2,868
Average number of employees	6,134	5,525	4,370	4,468	4,596

1 Board of Directors' proposal.

2 Of which an ordinary dividend of SEK 5.50 per share and an extra dividend of SEK 2.00 per share.

3 Of which an ordinary dividend of SEK 4.30 per share and an extra dividend of SEK 4.30 per share.

Items affecting comparability⁴

SEKm	2023	2022	2021	2020	2019
Impairment of shares in associated company (Profit/loss from participations and impairment in associated companies)	52	–	–	–	–
New board machine in Gruvön - additional costs (Operating expenses)	–	–	–	–	40
New board machine in Gruvön - restructuring (Operating expenses)	–	–	–	–	–50
Total capital result from divestment of Managed Packaging (Other operating income)	–23	–	–	–	–
Restructuring (Operating expenses)	–	–	–	36	49
Workplace environment (Operating expenses)	–	–	–	–	–32
Capital loss from the sale of Beetham (Operating expenses)	–	–	123	–	–
Restructuring cost (Employee benefits expense)	106	–	–	–	–
Acquisition costs, Verso (Operating expenses)	–	–	135	–	–
Revaluation of biological assets (Change in value of biological assets)	–	–	–	–132	–
Revaluation of biological assets in associated companies (Profit/loss from participations and impairment in associated companies)	164	52	–81	–73	–
UPM compensation (Raw materials and consumables)	–	–	–	160	–
Other (Operating expenses)	–	–	–	–	–6
Items affecting comparability	299	52	177	–9	1

EBITDA, SEKm and EBITDA margin, %

	2023	2022	2021	2020	2019
Operating profit	534	5,687	1,989	774	1,086
Depreciation, amortizations and impairment of non-current assets	2,780	2,480	1,912	1,938	1,744
EBITDA, SEKm	3,314	8,167	3,901	2,712	2,830
Net sales	41,224	42,590	26,206	23,884	24,445
EBITDA margin, %	8	19	15	11	12

Adjusted EBITDA, SEKm and adjusted EBITDA margin, %

	2023	2022	2021	2020	2019
EBITDA	3,314	8,167	3,901	2,712	2,830
Items affecting comparability ⁴	299	52	177	–9	1
Adjusted EBITDA, SEKm	3,613	8,219	4,078	2,703	2,831
Net sales	41,224	42,590	26,206	23,884	24,445
Adjusted EBITDA margin, %	9	19	16	11	12

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Operating margin, %	2023	2022	2021	2020	2019
Operating profit	534	5,687	1,989	744	1,086
Net sales	41,224	42,590	26,206	23,884	24,445
Operating margin, %	1	13	8	3	4
Adjusted operating profit, SEKm and adjusted operating margin, %	2023	2022	2021	2020	2019
Operating profit	534	5,687	1,989	774	1,086
Items affecting comparability ⁴	299	52	177	-9	1
Adjusted operating profit, SEKm	833	5,739	2,166	765	1,087
Net sales	41,224	42,590	26,206	23,884	24,445
Adjusted operating margin, %	2	13	8	3	4
Return on capital employed, %	2023	2022	2021	2020	2019
Operating profit	534	5,687	1,989	774	1,086
Average capital employed over 12 months ⁵	34,287	31,722	24,463	25,116	24,270
Return on capital employed, %	2	18	8	3	4
Adjusted return on capital employed, % SEKm	2023	2022	2021	2020	2019
Adjusted operating profit	833	5,739	2,166	765	1,087
Average capital employed over 12 months ⁵	34,287	31,722	24,463	25,116	24,270
Adjusted return on capital employed, %	2	18	9	3	4
Return on equity, %	2023	2022	2021	2020	2019
Net profit attributed to owners of the parent company	484	4,590	1,485	660	6,720
Average shareholders' equity attributed to owners of the parent company ⁵	28,053	25,520	19,558	19,152	16,270
Return on equity, %	2	18	8	3	41
Net debt/equity ratio, multiple SEKm	2023	2022	2021	2020	2019
Interest-bearing net debt	5,927	4,581	3,968	5,373	5,476
Total equity	26,945	29,254	20,041	19,294	19,462
Net debt/equity ratio, multiple	0.22	0.16	0.20	0.28	0.28
Interest-bearing net debt / EBITDA, multiple	2023	2022	2021	2020	2019
Interest-bearing net debt	5,927	4,581	3,968	5,373	5,476
EBITDA	3,314	8,167	3,901	2,712	2,830
Interest-bearing net debt / EBITDA, multiple	1.8	0.6	1.0	2.0	1.9

Interest-bearing net debt / Adjusted EBITDA, multiple	2023	2022	2021	2020	2019
Interest-bearing net debt	5,927	4,581	3,968	5,373	5,476
Adjusted EBITDA	3,613	8,219	4,078	2,703	2,831
Interest-bearing net debt / Adjusted EBITDA, multiple	1.6	0.6	1.0	2.0	1.9
Adjusted earnings per share SEK	2023	2022	2021	2020	2019
Profit attributed to owners of the parent company, SEKm	484	4,590	1,485	660	6,720
Items affecting comparability, attributed to owners of the parent company ⁴ , SEKm	277	52	177	-5	-5,708 ⁶
Adjusted profit attributed to owners of the parent company, SEKm	761	4,642	1,662	655	1,012
Weighted number of outstanding shares, thousands	248,488	228,014	206,858	206,816	206,761
Adjusted earnings per share, SEK	3.06	20.36	8.03	3.17	4.89
Working capital as percentage of net sales, %	2023	2022	2021	2020	2019
Average working capital for the period	5,080	4,568	2,357	2,516	1,834
Annualized net sales	41,224	42,590	26,206	23,884	24,445
Working capital as percentage of net sales, %	12	11	9	11	8

4 Revenue = -, Cost = +
5 Average for the five latest quarters.
6 2019 includes adjustment for discontinued operations.

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Capital employed					
SEKm, 31 December	2023	2022	2021	2020	2019
Total assets	47,926	51,415	37,978	36,360	36,923
Accounts payable	-5,352	-6,702	-3,809	-3,129	-2,937
Other liabilities	-566	-772	-465	-333	-318
Accrued expenses and deferred income	-2,220	-2,700	-1,955	-1,356	-1,414
Tax liabilities	-126	-393	-12	-29	-10
Provisions	-521	-514	-194	-185	-222
Deferred tax liabilities	-3,965	-4,452	-3,962	-3,609	-3,614
Non-current receivables (interest-bearing)	-	-2	-15	-16	-20
Cash and cash equivalents	-2,304	-2,046	-3,558	-3,036	-3,450
Capital employed	32,872	33,834	24,008	24,667	24,938

Working capital					
SEKm, 31 December	2023	2022	2021	2020	2019
Inventories	6,137	7,305	3,836	3,629	3,572
Accounts receivable	3,804	5,006	3,047	2,350	2,408
Other current receivables and current intangible assets	1,190	2,066	827	713	537
Prepaid expenses and accrued income	577	858	534	389	313
Accounts payable	-5,352	-6,702	-3,809	-3,129	-2,937
Other current liabilities	-452	-693	-463	-304	-320
Accrued expenses and deferred income	-2,220	-2,700	-1,955	-1,356	-1,414
Working capital	3,684	5,140	2,017	2,292	2,159

Interest-bearing net debt					
SEKm, 31 December	2023	2022	2021	2020	2019
Provisions for pensions	653	1,196	816	836	871
Interest-bearing non-current liabilities	4,696	2,796	4,655	6,435	7,349
Non-current lease liabilities	178	234	169	170	144
Current interest-bearing liabilities	2,536	2,227	1,790	889	493
Current lease liability	168	177	111	95	89
Non-current receivables (interest-bearing)	-	-3	-15	-16	-20
Cash and cash equivalents	-2,304	-2,046	-3,558	-3,036	-3,450
Interest-bearing net debt	5,927	4,581	3,968	5,373	5,476

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Quarterly data

Billerud's packaging material business is governed in two operating segments based on the region in which the products are manufactured: Region Europe and Region North America. During 2023 has Board product area and Paper product area been replaced by Region Europe and Region North America, while Solutions and Other are unchanged during the year. The comparison periods have been restated according to the new segment structure.

Solution and Other includes Procurement & Wood Supply in Europe, Scandfibre Logistics AB, Managed Packaging, Consolidated Waterpower Company, rental operations, dormant companies, idle assets, income from the sale of businesses, items affecting comparability and costs due to increased investments in the production structure. Other also includes Group-wide functions, Group eliminations (including IFRS 16) and profit/loss from participation in associated companies. Currency hedging etc. includes results from hedging of the Group's net currency flows and revaluation of accounts receivables and payments from customers. The part of the currency exposure that relates to changes in exchange rates, when invoicing and purchasing are included in the region's profit/loss.

Quarterly net sales per region and for the Group SEKm	2023					2022				
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Region Europe	27,114	6,388	6,765	6,495	7,466	27,962	7,270	7,332	6,766	6,594
Region North America	11,511	2,706	2,839	2,655	3,311	11,459	4,004	3,717	3,738	–
Solutions & Other	2,948	586	738	827	797	3,266	844	755	852	815
Currency hedging, etc.	–349	–114	–132	–24	–79	–97	–147	10	52	–12
Total Group	41,224	9,566	10,210	9,953	11,495	42,590	11,971	11,814	11,408	7,397

Quarterly EBITDA per region and for the Group SEKm	2023					2022				
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Region Europe	2,753	700	902	116	1,035	6,170	1,056	1,766	1,599	1,749
Region North America	1,618	306	467	205	640	2,417	1,135	522	760	–
Solutions & Other	–708	–362	–125	–108	–113	–305	14	–102	–144	–73
Currency hedging, etc.	–349	–114	–132	–25	–78	–115	–165	10	52	–12
Total Group	3,314	530	1,112	188	1,484	8,167	2,040	2,196	2,267	1,664

Quarterly EBITDA margin per region and for the Group %	2023					2022				
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Region Europe	10	11	13	2	14	22	15	24	24	27
Region North America	14	11	16	8	19	21	28	14	20	–
Group	8	6	11	2	13	19	17	19	20	22

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Adjusted quarterly EBITDA, excluding planned maintenance shutdowns, per region and for the Group	2023					2022				
	SEKm	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
Region Europe	3,636	887	1,195	519	1,035	7,095	1,225	2,097	1,944	1,829
Region North America	1,770	375	550	205	640	2,979	1,135	1,084	760	–
Solutions & Other	–409	–118	–70	–108	–113	–253	66	–102	–144	–73
Currency hedging, etc.	–349	–114	–132	–25	–78	–115	–165	10	52	–12
Total Group	4,648	1,030	1,543	591	1,484	9,706	2,261	3,089	2,612	1,744
Costs for maintenance shutdowns	–1,035	–256	–376	–403	–	–1,487	–169	–893	–345	–80
Items affecting comparability	–299	–244	–55	–	–	–52	–52	–	–	–
EBITDA	3,314	530	1,112	188	1,484	8,167	2,040	2,196	2,267	1,664

Adjusted quarterly EBITDA margin, excluding planned maintenance shutdowns, per region and for the Group	2023					2022				
	%	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
Region Europe	13	14	18	8	14	25	17	29	29	28
Region North America	15	14	19	8	19	26	28	29	20	–
Group	11	11	15	6	13	23	19	26	23	24

Quarterly operating profit/loss per region and for the Group	2023					2022				
	SEKm	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
Region Europe	925	216	452	–332	589	4,402	611	1,325	1,158	1,308
Region North America	808	97	262	6	443	1,861	935	342	584	–
Solutions & Other	–850	–390	–167	–146	–147	–461	–28	–141	–185	–107
Currency hedging, etc.	–349	–114	–132	–24	–79	–115	–165	10	52	–12
Total Group	534	–191	415	–496	806	5,687	1,353	1,536	1,609	1,189

Quarterly operating margin per region and for the Group	2023					2022				
	%	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
Region Europe	3	3	7	–5	8	16	8	18	17	20
Region North America	7	4	9	0	13	16	23	9	16	–
Group	1	–2	4	–5	7	13	11	13	14	16

Quarterly sales volumes per region and for the Group	2023					2022				
	ktons	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
Region Europe	2,697	668	683	638	708	2,757	667	688	688	714
Region North America	839	204	207	193	235	837	273	257	307	–
Total Group	3,536	872	890	831	943	3,594	940	945	995	714

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Key figures – definitions and purpose

Result

EBITDA

Operating profit before depreciation, amortization and impairment. EBITDA is a central measure of operating performance, to assess the performance over time.

Adjusted EBITDA

Operating profit before depreciation, amortization and impairment adjusted for items affecting comparability. Adjusted EBITDA is relevant for assessing performance excluding items affecting comparability.

Adjusted operating profit

Operating profit adjusted for items affecting comparability. The measure is used for assessing performance excluding items affecting comparability.

Adjusted earnings

Profit for the period, attributable to owners of the parent, adjusted for items affecting comparability after tax.

Adjusted key figures

Adjusted key figures on EBITDA, operating profit, return on capital employed and earnings per share, provide a better understanding of the underlying business performance and enhance comparability from period to period, when the effect of items affecting comparability are adjusted for. Items affecting comparability can include additional project costs for major projects, major restructuring/write-downs/revaluations, litigations, specific impact due to strategic decisions, and significant earnings effects from acquisitions and disposals.

Margins

EBITDA, %

EBITDA as a percentage of net sales. The measure is used in review as well as for benchmarking with peer companies.

Adjusted EBITDA, %

Adjusted EBITDA as a percentage of net sales. The measure is used for assessing profitability excluding items affecting comparability.

Operating margin, %

Operating profit as a percentage of net sales. Operating margin shows the percentage of revenue remaining as operating profit after deducting operating expenses. The measure is used in performance monitoring as well as for benchmarking with peer companies.

Adjusted operating margin, %

Adjusted operating profit as a percentage of net sales. The measure is used for assessing performance excluding items affecting comparability.

Return

Return on equity, %

Profit calculated over 12 months, attributable to owners of the parent company, as a percentage of average shareholders' equity calculated per quarter, attributable to owners of the parent company. 12 months is calculated by adding accumulated amounts for the current years plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date. The measure represents total profitability compared to the equity invested by the parent company's shareholders.

Return on capital employed (ROCE)

Operating profit calculated over 12 months as a percentage of average capital employed calculated per quarter for the last five quarters. 12 months is calculated by adding accumulated amounts for the current years plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date. The return on capital employed is a measure that shows how effectively total net operating assets total are used in order to generate return in the operating business. The measure takes capital invested in the operating activities into account and is used for business performance monitoring and benchmarking with peer companies.

Adjusted return on capital employed (ROCE)

Adjusted operating profit calculated over 12 months as a percentage of average capital employed calculated per quarter for the last five quarters. 12 month is calculated by adding accumulated amounts for the current year plus full previous year, minus prior year's accumulated amounts for the periods exceeding 12 months from the balance sheet date. The measure is used for assessing the return on net operating assets excluding items affecting comparability.

Capital structure

Capital employed

Total assets less accounts payable, other liabilities, accrued expenses and deferred income, tax liabilities, provisions, deferred tax liabilities, non-current receivables (interest-bearing) and cash and cash equivalents. Capital employed is used to quantify the net total assets used in the operating business, and is used as a component in measuring operating profitability.

Equity

Equity at the end of the period.

Interest-bearing net debt

The sum of provisions for pensions, interest-bearing liabilities and leasing liabilities less non-current receivables (interest-bearing) and cash and cash equivalents. The measure is used to quantify the debt financing, taking the amount of financial assets into account. The measure is used as a component in measuring financial risk.

Interest-bearing net debt/EBITDA

Interest-bearing net debt at the end of the period divided by EBITDA for the last 12 months. 12 months is calculated by adding accumulated amounts for the current years plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date. The measure shows the size of the interest-bearing net debt compared to the repayment capacity. A higher (lower) ratio indicates a higher (lower) risk.

Interest-bearing net debt/Adjusted EBITDA

Interest bearing net debt at the end of the period divided by adjusted EBITDA for the last 12 months. 12 months is calculated by adding accumulated amounts for the current years plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date. The measure is used for assessing the repayment capacity excluding items affecting comparability.

Net debt/equity ratio

Interest-bearing net debt divided by equity. The ratio shows the mix between interest-bearing net debt and equity financing. A higher ratio means higher financial leverage and may have positive effects on return on equity, but imply a higher financial risk.

Working capital

Inventories, accounts receivable, other current receivables, current intangible assets (emission rights) and prepaid expenses and accrued

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income less accounts payable, other current liabilities and accrued expenses and deferred income. The measure shows the amount of current net assets that is tied up in the business. Together with non-current assets, working capital constitutes the operating capital employed to generate operating returns.

Working capital as percentage of net sales

Average working capital is calculated by using the average of all quarterly periods during the financial year, divided by annualized net sales. Annual net sales are calculated by dividing the net sales for the most recent interim period from the beginning of the financial year by the number of months in this interim period and multiplying by twelve. The measure shows how effectively the working capital is used. A lower percentage means less capital is tied up to generate a given amount of revenue, and an increased ability to internally finance growth and return to shareholders.

Cash flow

Operating cash flow after investments in tangible and intangible assets

Cash flow from the operating activities, including investments in tangible and intangible assets. The measure shows cash flow generated in the operating business, which provides the amount of cash flows available to repay debt, acquire and invest in other businesses and pay dividends to the shareholders.

Cash conversation

Cash flow from operating activities divided by EBITDA. This measure is used for assessing the generation of cash of the operating profit before depreciation, amortization and impairment.

Cash flow from operating activities per share

Cash flow from operating activities divided by the average number of shares on the market during the period.

Per share data¹

Diluted earnings per share

Profit for the period, attributable to owners of the parent company, divided by the average number of shares in the market after estimated participation in the incentive programs.

Diluted equity per share

Equity at the end of the period, attributable to owners of the parent company, divided by the number of shares on the market at the end of

the period plus the effect of estimated participation in the incentive programs.

Earnings per share (Basic)

Profit attributable to owners of the parent company, divided by the average number of outstanding ordinary shares in the market.

Equity per share

Equity at the end of the period, attributable to owners of the parent company, divided by the number of shares on the market at the end of the period.

Adjusted earnings per share

Profit attributable to owners of the parent company adjusted for items affecting comparability after tax, divided by the average number of outstanding ordinary shares in the market. The measure is used for assessing earnings per share excluding items affecting comparability.

EV/EBITDA

Market capitalization plus interest-bearing net debt, divided by operating profit before depreciation, amortization and impairment losses (EBITDA).

P/E ratio

Share price at year-end divided by earnings per share.

¹ For number of shares, see section The share and the shareholders.

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Shareholder information, key dates and contact persons

Annual General Meeting

The Annual General Meeting of Billerud will be held on Tuesday 21 May 2024 at 15:00 CET at 7A Posthuset, Vasagatan 28, Stockholm. Notice of the Annual General Meeting will during April 2024 be published and available on the company's website www.billerud.com.

Shareholders wishing to attend the Annual General Meeting must be registered in the shareholders' register maintained by Euroclear AB as of 13 May 2024 and must notify the company of their participation not later than 15 May 2024.

To be able to participate at the meeting, shareholders whose shares are registered in the name of a nominee must request that their own names are temporarily registered in the shareholders' register kept by Euroclear. This procedure, referred to as voting right registration, must be completed by 15 May 2024, which means that shareholders must inform the nominee well before this date.

Notification of attendance can be made by telephone +46 8 402 90 62, via <https://anmalan.vpc.se/euroclearproxy> or by post to Billerud AB, Årsstämman, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden.

In addition to physical participation, shareholders have the opportunity of postal voting in advance. Postal voting is done by using a postal voting form, which will be available on Billerud's website. The completed and signed form must be received by Euroclear Sweden AB no later than 15 May 2024.

Financial information

All financial information, including this Annual and Sustainability Report for 2023, is available in both Swedish and English on Billerud's website www.billerud.com.

Interim reports

Q1 report 2024	24 April 2024
Q2 report 2024	19 July 2024
Q3 report 2024	24 October 2024

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The Billerud Annual and Sustainability Report 2023 was produced in collaboration with Narva Communications.

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About Billerud

Billerud makes high performance packaging materials for a low carbon society. We are a global leader in paper and packaging materials made from primary fibers, and we are passionately committed to sustainability, quality and customer value. We serve customers in more

than 100 countries through nine production units in Sweden, USA and Finland, and around 5,800 employees in over 13 countries. Billerud is listed on the Nasdaq Stockholm.



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