



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 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).

- Introduction 3
- Directors' report 28
- Financial statements, signatures and auditor's report 52
- Sustainability report 101
 - General disclosures 101
 - About the report 101
 - Sustainability governance 101
 - Our sustainability platform 103
 - Our value chain 104
 - Materiality analysis and stakeholder dialogue 105
 - Targets 107
 - UN Sustainable Development Goals 108
- Environment 109
 - Climate impact 109
 - EU Taxonomy disclosure 112
 - Information according to TCFD 116
 - Resource efficient production 118
 - Materials for the future 123
 - Sustainable wood supply 124
- Social 126
 - Engaging workplaces 126
 - Safety first 129
 - Responsible supply chain 131
 - Community engagement 132
- Governance 134
 - Responsible business 134
- GRI content index 136
- Assurance report 141
- Other information 142

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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.



- Introduction 3
- Directors' report 28
- Financial statements, signatures and auditor's report 52
- Sustainability report 101
 - General disclosures 101
 - About the report 101
 - Sustainability governance 101
 - Our sustainability platform 103
 - Our value chain 104
 - Materiality analysis and stakeholder dialogue 105
 - Targets 107
 - UN Sustainable Development Goals 108
 - Environment 109
 - Climate impact 109
 - EU Taxonomy disclosure 112
 - Information according to TCFD 116
 - Resource efficient production 118
 - Materials for the future 123
 - Sustainable wood supply 124
 - Social 126
 - Engaging workplaces 126
 - Safety first 129
 - Responsible supply chain 131
 - Community engagement 132
 - Governance 134
 - Responsible business 134
 - GRI content index 136
 - Assurance report 141
- Other information 142

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.

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.

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
Board of Directors ² , %	33	67	0	17	83
Group Management Team, %	25	75	0	50	50

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

Employees by gender, 31 December 2023, head count

	Women	Men	Total
Number of employees	1,273	4,537	5,810
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 In European operations: all employees working less than 100%. In North American operations: employees working less than 30 hours/week

Download pdf to print



- Introduction 3
- Directors' report 28
- Financial statements, signatures and auditor's report 52
- Sustainability report 101
 - General disclosures 101
 - About the report 101
 - Sustainability governance 101
 - Our sustainability platform 103
 - Our value chain 104
 - Materiality analysis and stakeholder dialogue 105
 - Targets 107
 - UN Sustainable Development Goals 108
- Environment 109
 - Climate impact 109
 - EU Taxonomy disclosure 112
 - Information according to TCFD 116
 - Resource efficient production 118
 - Materials for the future 123
 - Sustainable wood supply 124
- Social 126
 - Engaging workplaces 126
 - Safety first 129
 - Responsible supply chain 131
 - Community engagement 132
- Governance 134
 - Responsible business 134
- GRI content index 136
- Assurance report 141
- Other information 142

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

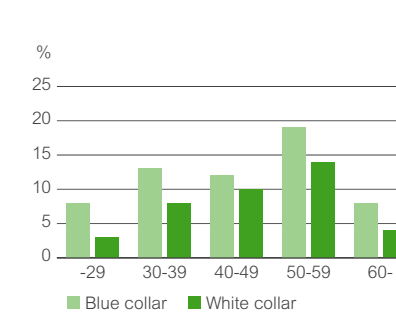
¹ Remuneration includes fixed and variable short-term and long-term remuneration and benefits

Equal pay analysis, 2023

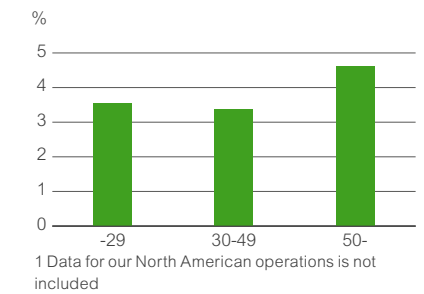
Average base pay salary, women in relation to men, %	1	2	3	4
Blue collar	95	95	97	–
White collar	91	95	–	77

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.

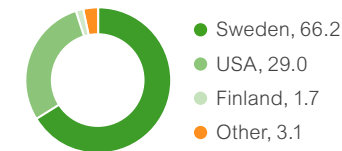
Age distribution, total Billerud, permanent employees, 31 december 2023



Sick leave per age group¹, 2023



Proportion of employees per country, 2023, %



[Download pdf to print](#)



- Introduction 3
- Directors' report 28
- Financial statements, signatures and auditor's report 52
- Sustainability report 101
 - General disclosures 101
 - About the report 101
 - Sustainability governance 101
 - Our sustainability platform 103
 - Our value chain 104
 - Materiality analysis and stakeholder dialogue 105
 - Targets 107
 - UN Sustainable Development Goals 108
- Environment 109
 - Climate impact 109
 - EU Taxonomy disclosure 112
 - Information according to TCFD 116
 - Resource efficient production 118
 - Materials for the future 123
 - Sustainable wood supply 124
- Social 126
 - Engaging workplaces 126
 - Safety first 129
 - Responsible supply chain 131
 - Community engagement 132
- Governance 134
 - Responsible business 134
- GRI content index 136
- Assurance report 141
- Other information 142

Download pdf to print

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.



- Introduction 3
- Directors' report 28
- Financial statements, signatures and auditor's report 52
- Sustainability report 101
 - General disclosures 101
 - About the report 101
 - Sustainability governance 101
 - Our sustainability platform 103
 - Our value chain 104
 - Materiality analysis and stakeholder dialogue 105
 - Targets 107
 - UN Sustainable Development Goals 108
- Environment 109
 - Climate impact 109
 - EU Taxonomy disclosure 112
 - Information according to TCFD 116
 - Resource efficient production 118
 - Materials for the future 123
 - Sustainable wood supply 124
- Social 126
 - Engaging workplaces 126
 - Safety first 129
 - Responsible supply chain 131
 - Community engagement 132
- Governance 134
 - Responsible business 134
- GRI content index 136
- Assurance report 141
- Other information 142

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.

Safety ⁸	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
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

Download pdf to print



Introduction	3
Directors' report	28
Financial statements, signatures and auditor's report	52
..... Sustainability report	101
General disclosures	101
About the report	101
Sustainability governance	101
Our sustainability platform	103
Our value chain	104
Materiality analysis and stakeholder dialogue	105
Targets	107
UN Sustainable Development Goals	108
Environment	109
Climate impact	109
EU Taxonomy disclosure	112
Information according to TCFD	116
Resource efficient production	118
Materials for the future	123
Sustainable wood supply	124
Social	126
Engaging workplaces	126
Safety first	129
Responsible supply chain	131
Community engagement	132
Governance	134
Responsible business	134
GRI content index	136
Assurance report	141
Other information	142

Download pdf to print

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 %.



Introduction	3
Directors' report	28
Financial statements, signatures and auditor's report	52
..... Sustainability report	101
General disclosures	101
About the report	101
Sustainability governance	101
Our sustainability platform	103
Our value chain	104
Materiality analysis and stakeholder dialogue	105
Targets	107
UN Sustainable Development Goals	108
Environment	109
Climate impact	109
EU Taxonomy disclosure	112
Information according to TCFD	116
Resource efficient production	118
Materials for the future	123
Sustainable wood supply	124
Social	126
Engaging workplaces	126
Safety first	129
Responsible supply chain	131
Community engagement	132
Governance	134
Responsible business	134
GRI content index	136
Assurance report	141
Other information	142

Download pdf to print

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.



Introduction	3
Directors' report	28
Financial statements, signatures and auditor's report	52
..... Sustainability report	101
General disclosures	101
About the report	101
Sustainability governance	101
Our sustainability platform	103
Our value chain	104
Materiality analysis and stakeholder dialogue	105
Targets	107
UN Sustainable Development Goals	108
Environment	109
Climate impact	109
EU Taxonomy disclosure	112
Information according to TCFD	116
Resource efficient production	118
Materials for the future	123
Sustainable wood supply	124
Social	126
Engaging workplaces	126
Safety first	129
Responsible supply chain	131
Community engagement	132
Governance	134
Responsible business	134
GRI content index	136
Assurance report	141
Other information	142

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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

	2023	2022	2021
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).