



<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
..... <b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>



---

## 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.

[Download pdf for print](#)



<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
••••• <b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

The Board and CEO of Billerud AB (publ), corporate identity number 556025-5001, herewith submit the annual report and consolidated annual accounts for the 2022 financial year. Figures for the previous year are stated in brackets.

## Directors' report

This English version is a translation of the Swedish original.

### Operations

Billerud offers packaging materials made from natural cellulose fibre and innovative packaging solutions. We are a leading producer of high-quality board and paper with deep knowledge of primary fibre-based materials and optimally designed packaging. Billerud's packaging materials are manufactured in ten production facilities in Sweden, Finland and in US. In addition to board and paper, Billerud sells fibre pulp that is not used in its own production. Billerud's main market is in Europe, but the Group is continuing to expand to other regions and has a strategy for growth in North America.

Billerud has three operating segments: Board product area, Paper product area and Solutions & Other.

The Board product area includes the manufacturing and sales of liquid packaging board, cartonboard and containerboard, which are mainly used to produce packaging for food and beverages as well as consumer and luxury goods.

The Paper product area includes the manufacturing and sales of graphic paper, kraft and speciality paper, sack paper and market pulp. Billerud's papers are mainly used for printing and publishing, industrial applications, and for the packaging of food and consumer products.

Solutions & Other includes the service offer under Managed Packaging, which helps global brand owners take control of their packaging needs in Asia. It also includes Wood Supply, Scandfibre Logistics AB, rental operations, dormant companies, 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.

### Financial targets

To support Billerud's target for profitable growth and return for 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 below 2.5.
- The dividend policy is dividends of at least 50% of net profit.

### Sales and earnings

Net sales for 2022 increased by 63% to SEK 42,590 million (26,206). The increase was mainly in the Paper product area and was primarily due to the acquisition of Verso on 31 March 2022. Billerud North America (formerly Verso) had net sales of SEK 11,460 million during the period 1 April–31 December 2022. Net sales excluding currency

### Sales volumes by operating segment

Ktonnes	2022	2021
Board product area	1,889	1,917
Paper product area	1,704	960
<b>Total</b>	<b>3,594</b>	<b>2,877</b>

### Net sales by operating segment

SEKm	2022	2021
Board product area	17,912	14,852
Paper product area	21,509	8,127
Solutions & Other	3,266	2,950
Currency hedging, etc.	–97	277
<b>Total</b>	<b>42,590</b>	<b>26,206</b>

### Net sales by geographic market

SEKm	2022	2021
US	12,716	712
Sweden	4,061	3,955
Germany	3,619	3,122
China	2,309	2,589
Italy	2,180	1,698
Spain	1,831	1,523
United Kingdom	1,552	1,358
France	1,404	1,060
Turkey	962	763
The Netherlands	726	699
Rest of Europe	4,309	3,658
Rest of the world	6,921	5,069
<b>Total</b>	<b>42,590</b>	<b>26,206</b>

[Download pdf for print](#)



<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
..... <b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

effects, acquisitions and divestments grew by 16%, mainly due to higher prices in all product categories.

EBITDA improved to SEK 8,167 million (3,901), mainly due to the acquisition of Verso. Billerud North America had an EBITDA of SEK 2,342 million. The result was in addition strengthened by higher prices and an improved mix, which offset higher costs for raw materials.

Adjusted EBITDA was SEK 8,219 million (4,078) and included the negative result of a revaluation of biological assets in the associated company BSÖ Holding AB Group of SEK –52 million classified as an item affecting comparability. Items affecting comparability in 2021 totalling SEK –177 million included a negative result from the divestment of Beetham of SEK 123 million, costs related to the acquisition of Verso of SEK 135 million and a positive effect of revaluation of biological assets in the associated company BSÖ Holding AB Group of SEK 81 million. See note 6 for information about items affecting comparability.

The EBITDA margin for 2022 was 19% (15) and the adjusted EBITDA margin was also 19% (16).

Net financial items totalled SEK 186 million (–113). The calculated tax was SEK –1,283 million (–391).

Net profit for the year totalled SEK 4,590 million (1,485) and the return on equity was 18% (8).

Return on capital employed was 18% (8).

For 2022, the Board of Directors proposes an ordinary dividend of SEK 5.50 per share (4.30) and an extraordinary dividend of SEK 2.00 per share (–). The dividend proposal of a share dividend of SEK 7.50 per share corresponds to approximately 41% of the Group's net profit.

### Key events 2022

The building of a new recovery boiler at Frövi proceeded as planned during the year. In the second quarter the assembly phase started and in the third quarter 50% of all activities to be completed before the project is finished were achieved. The new recovery boiler is planned to be in operation by the end of 2023.

Billerud's production in Pietarsaari was in the first two quarters affected by the strike at UPM's pulp mill, which supplies the operation with pulp, purified water, steam and compressed air. The production at Pietarsaari ran at lower capacity and sourced pulp from other suppliers. The negative earnings impact of the strike was around SEK 15 million in the first quarter and around SEK 15 million in the second quarter.

On 3 March, it was announced that Billerud and the Norwegian forest owner group Viken Skog AS will form a joint venture to explore the possibilities of working together to establish production of bleached chemi-thermomechanical pulp (BCTMP) at Viken Skog's Follum mill in Hønefoss. The Follum mill has much of the infrastructure needed to establish such a production line and is in an area with competitive and sustainable wood supply and good transports to Billerud's board mills. The possible investment for Billerud was estimated to around NOK 600–800 million. A pre-feasibility study about the future pulp production at Follum was ongoing in 2022 and is estimated to be completed during the third quarter 2023.

On 10 March, the Nomination Committee announced the proposal of Magnus Nicolin and Florian Heiserer as new Board members at the 2022 Annual General Meeting.

On 11 March, shareholders of the requisite majority of Verso's outstanding shares voted to adopt the merger agreement between Billerud and Verso, and to approve the transaction. On 29 March, the remaining regulatory approvals for Billerud's acquisition of Verso had been received.

On 31 March, Billerud's acquisition of Verso was completed for a purchase price of USD 27.00 per share. The acquisition reinforced Billerud's strategy to drive profitable and sustainable growth and its ambition to accelerate growth in North America. The purchase price totalled approximately USD 798 million, corresponding to SEK 7,395 million, including settlement of warrants and incentive programmes. The transaction was financed by the combination of cash and a bank loan of SEK 6.0 billion, whereof SEK 3.5 billion was refinanced through an equity rights issue in 2022. Verso was renamed Billerud North America and was consolidated in Billerud's balance sheet as of 31 March 2022 and its result was from 1 April 2022 reported in the Paper

product area. Rob Kreizenbeck assumed the position of President, North America and became a member of the Group Management Team.

In the convening notice to the 2022 Annual General Meeting, published on 8 April, the Board of Directors proposed that the Board shall be authorised by the AGM to resolve on an issue of shares with preferential right for the shareholders of a maximum of SEK 3.5 billion in order to repay part of the debt which was raised in conjunction with the acquisition of Verso.

On 10 May, the Annual General Meeting authorised the Board to resolve a rights issue amounting to a maximum SEK 3.5 billion. The Meeting also resolved to simplify the company's name to Billerud Aktiebolag (publ) by an amendment of the Articles of Association. The Meeting furthermore elected Florian Heiserer and Magnus Nicolin as new Board members and re-elected Andrea Gisle Joosen, Bengt Hammar, Jan Svensson, Victoria Van Camp and Jan Åström as Board members. Jan Svensson was re-elected as Chairman of the Board.

On 25 May, the Board of Directors resolved a rights issue with preferential rights for existing shareholders of approximately SEK 3.5 billion, and the terms of the rights issue was announced. The prospectus about the rights issue was published on Billerud's website on 30 May 2022.

On 21 June, the preliminary outcome of Billerud's rights issue was communicated, and on 27 June, the final outcome was announced. The rights issue was significantly oversubscribed. A total of 40,231,816 shares, corresponding to around 97% of the offered shares, were subscribed for with subscription rights and the remaining 1,159,772 shares were allotted to those who subscribed for shares without subscription rights. New shares subscribed for by the exercise of subscription rights were registered with the Swedish Companies Registration Office on 29 June 2022 and began trading on Nasdaq Stockholm in July. Through the rights issue, the number of shares in Billerud increased to 249,611,422 shares and the share capital increased to SEK 1,843,307,607. The proceeds of the rights issue amounted to around SEK 3,497 million before the deduction of costs of SEK 63 million, net of tax, and was used to repay term loans.

[Download pdf for print](#)



<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
<b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

[Download pdf for print](#)

In the second quarter, Billerud started a pre-feasibility study about the planned conversion of assets at Escanaba into a world-class, sustainable paperboard production. Stefan Ericsson, Chief Transformation Officer, Transformation programme, and Kevin Kuznicki, Deputy President, General Counsel, North America, became members of the Group Management Team.

On 1 July, the Wood Supply and Purchasing functions merged into one organisation under the leadership of Anna-Maria Tuominen-Reini, EVP Procurement and Wood Supply. Coordination of all sourcing tasks enables sourcing security and cost savings.

Billerud introduced Performance White Barrier, a new coated sack paper that replaces the plastic barrier in paper sacks in the second quarter. The new material can be recycled as paper, has a printable surface, the same high quality as the company's previous sack paper, and a more sustainable footprint.

The scheduled maintenance and upgrade at the Quinnesec mill carried out during the third quarter included upgrade investments that will increase the pulp capacity by around 30 ktonnes per year, and that will enable production of more premium paper grades. These improvements are expected to have a positive annual earnings impact of around SEK 70–100 million.

Billerud announced in October that it will investigate a relaunch of its OptiLabel™ HB made at the Quinnesec mill. Producing this speciality paper, designed for high-end pressure sensitive label applications, not only at the Escanaba mill but also at Quinnesec, will provide more manufacturing flexibility to support the American market.

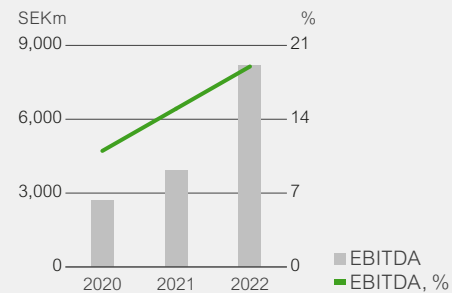
On 12 October, the company simplified its name to Billerud to cater to its international customers. A new Articles of Association with the name Billerud Aktiebolag (publ) was registered by the Swedish Companies Registration Office in accordance with a resolution made by the 2022 Annual General Meeting. The costs for rebranding activities were around SEK 15 million in 2022.

On 24 October, the Board of Directors of Billerud appointed Ivar Vatne to Deputy CEO in addition to his current responsibilities as CFO. Dep-

uty CEO is a newly created position reflecting the increased scope of the Billerud Group.

On 13 December, the Michigan Strategic Fund approved a Forest Products Processing Renaissance Zone in support of Billerud's planned transformation of the Escanaba mill, and on 20 December, Billerud had received the local approvals needed. Forest Products Processing Renaissance Zones promote forest products operation in Michigan and provide businesses with benefits through state and local tax abatements.

#### EBITDA and EBITDA %



#### Summary

	2022	2021
Net sales, SEKm	42,590	26,206
EBITDA, SEKm	8,167	3,901
EBITDA, %	19	15
Operating profit/loss, SEKm	5,687	1,989
Operating margin, %	13	8
Return on capital employed, %	18	8
Profit before tax, SEKm	5,873	1,876
Net profit, SEKm	4,590	1,485
Earnings per share, SEK	20.13	7.18

#### EBITDA and EBITDA-margin by operating segment

	2022		2021	
	SEKm	%	SEKm	%
Board product area	3,262	18	2,748	19
Paper product area	5,325	25	1,388	17
Solutions & Other	-305		-512	
Currency hedging, etc.	-115		277	
<b>Total</b>	<b>8,167</b>	<b>19</b>	<b>3,901</b>	<b>15</b>

For quarterly data, see pages 158–159.

#### Operating segments

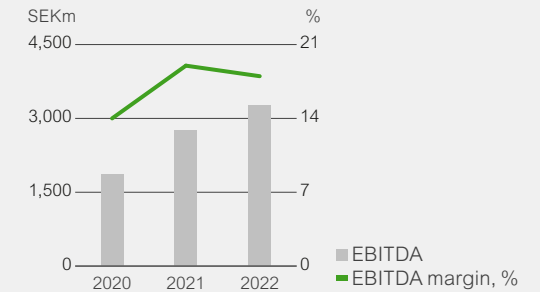
Billerud's result is reported in three operating segments in accordance with IFRS 8: Board product area, Paper product area and Solutions & Other. See note 1 for significant accounting policies.

#### Board product area

Net sales rose by 21% compared with 2021. Excluding currency effects, net sales grew by 15%. The rise was primarily driven by higher prices and an improved product mix with a higher share of carton-board and coated products.

EBITDA increased to SEK 3,262 million (2,748). The improved result was mainly a result of price improvements, which more than offset higher costs for raw materials. The result was positively affected by an insurance compensation of SEK 114 million from damages that occurred at the Gävle mill in 2019. Operating profit amounted to SEK 1,973 million (1,451).

#### EBITDA and EBITDA margin %



SEKm	2022	2021
Net sales	17,912	14,852
Operating expenses, net	-14,650	-12,104
<b>EBITDA</b>	<b>3,262</b>	<b>2,748</b>
EBITDA, %	18%	19%
Depreciation, amortisation and impairment losses	1,289	1,297
<b>Operating profit/loss</b>	<b>1,973</b>	<b>1,451</b>
Operating margin	11%	10%
<b>Sales volumes, ktonnes</b>	<b>1,889</b>	<b>1,917</b>



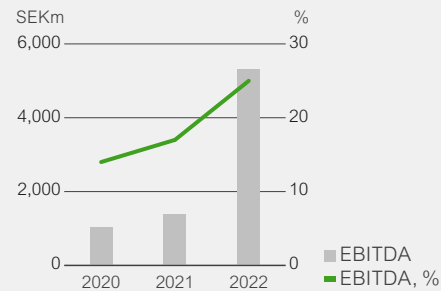
<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
<b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

### Paper product area

Net sales rose by 165% compared to 2021. Net sales excluding currency effects grew by 156%, mainly due to the acquisition of Verso on 31 March 2022. Billerud North America had sales volumes of 834 ktonnes and net sales of SEK 11,460 million from 1 April to 31 December 2022. The net sales growth excluding currency effects, acquisitions and divestments, was 21%, driven by higher prices for all products.

EBITDA increased to SEK 5,325 million (1,388). The profit improvement was primarily a consequence of the acquisition of Verso. Billerud North America had an EBITDA of SEK 2,342 million during the period 1 April to 31 December 2022. The profit improvement for the Paper product area was also driven by price increases, which more than compensated for higher input costs. Operating profit amounted to SEK 4,290 million (906).

#### EBITDA and EBITDA margin, %



SEKm	2022	2021
Net sales	21,509	8,127
Operating expenses, net	-16,184	-6,739
<b>EBITDA</b>	<b>5,325</b>	<b>1,388</b>
<i>EBITDA, %</i>	<i>25%</i>	<i>17%</i>
Depreciation, amortisation and impairment losses	1,035	482
<b>Operating profit</b>	<b>4,290</b>	<b>906</b>
<i>Operating margin</i>	<i>20%</i>	<i>11%</i>

Sales volumes, ktonnes	2022	2021
	<b>1,704</b>	<b>960</b>

### Solutions & Other (incl. currency hedging)

Net sales decreased by 2% and amounted to SEK 3,169 million (3,227). The decrease was due to negative hedging results from changes in currency rates. Net sales were positively affected by higher sales in wood sourcing operations.

EBITDA declined and amounted to SEK -420 million (-235) and included Items affecting comparability of SEK -52 million (-177). The decline was due to negative hedging effects while the result in Managed Packaging and wood sourcing operations improved.

### Solutions & Other (incl. currency hedging)

SEKm	2022	2021
Net sales	3,169	3,227
Operating expenses, net	-3,589	-3,462
<b>EBITDA</b>	<b>-420</b>	<b>-235</b>
Depreciation, amortisation and impairment losses	-156	-133
<b>Operating profit/loss</b>	<b>-576</b>	<b>-368</b>

### Market development

The value of the global packaging market is expected to grow by approximately 3% per year. Packaging materials for food and dairy products is a relatively resilient market segment that accounts for almost a third of the global packaging need. Billerud has strong market positions in long-term growing product segments. The exception being the graphic paper segment, which is expected to decline by 2-3% per year. Billerud prioritises growth in board over paper in view of its market position, growth opportunities and competitive dynamics.

Market conditions were strong for all Billerud's product categories during the first three quarters in 2022. Price increases across all product categories offset an accelerated cost inflation for raw material, logistics and energy, especially in Europe. During the fourth quarter of 2022, the market conditions turned less favourable for several product categories. Demand softened due to customers' inventory reductions and expectations of an economic downturn. Earlier implemented price increases had an effect and prices were essentially maintained.

### Safety

The health and safety of individuals is Billerud's foremost priority and activities to increase safety are being executed across all mills. During 2022, the health and safety work focused on continued improvements in our proactive activities. An important part of this is risk observations and safety walks in the European operations, while the North American operations increased the efforts with monthly key safety performance audits. The number of accidents resulting in absence per million hours worked (LTIFR) for own employees in the Group was 5.4 (5.9).

### Growth

Net sales in 2022 grew by 63%. The increase was mainly in the Paper product area and was mainly due to the acquisition of Verso on 31 March 2022. Excluding currency effects, the acquisition of Verso in 2022 and the divestment of Beetham in 2021 net sales grew by 16%.

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, was 21% in 2022. Billerud North America (formerly Verso), which was acquired on 31 March 2022, had net sales of SEK 11,460 million during the period from 1 April to 31 December 2022. The Beetham mill, which was divested on 31 October 2021, had net sales in 2021 of SEK 409 million.

SEKm	2022	2021
Net sales	42,590	26,206
Divestment, Beetham	-	-409
Acquisition, Verso	-11,460	-
<b>Net sales for comparable units</b>	<b>31,130</b>	<b>25,797</b>

### Investments and capital employed

Investments in tangible and intangible assets amounted to SEK 3,330 million (1,526). The increase was mainly due to investments in the new recovery boiler at the Frövi mill and investments related to operations in the North American business.

The new recovery boiler at Frövi will improve environmental performance and provide opportunities for enhanced efficiency. The project proceeded in line with budget and schedule. The new recovery boiler

[Download pdf for print](#)



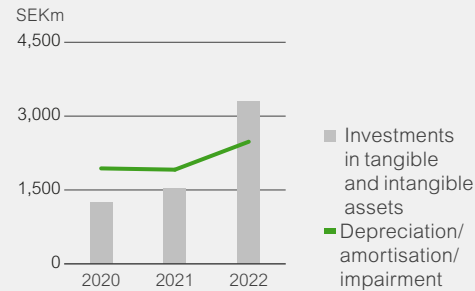
<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
<b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

is planned to be in operation by the end of 2023. The investment is estimated to total SEK 2.6 billion. Capital expenditures for this project were around SEK 400 million in 2021 and around SEK 1.1 billion in 2022.

Capital employed on 31 December 2022 totalled SEK 33,834 million (24,008). Return on capital employed (ROCE), calculated over the past 12-month period, was 18% (8). Return on equity was 18% (8).

Working capital in the fourth quarter was 11% (9) in relation to net sales.

### Investments in tangible and intangible assets



### Cash flow and financial position

#### Operative cash flow after investments in tangible and intangible assets

SEKm	2022	2021
Operating surplus, etc.	8,054	3,932
Change in working capital, etc.	-1,080	197
Net financial items, taxes, etc.	-145	-237
<b>Cash flow from operating activities</b>	<b>6,829</b>	<b>3,892</b>
Investments in tangible and intangible assets	-3,330	-1,526
<b>Operating cash flow after investments in tangible and intangible assets</b>	<b>3,499</b>	<b>2,366</b>

Operating cash flow after investments in tangible and intangible assets amounted to SEK 3,499 million (2,366). The improved cash flow was mainly a result of improved operating surplus.

Interest-bearing net debt on 31 December 2022 amounted to SEK 4,581 million (3,968). The net interest-bearing debt in relation to EBITDA at the end of the year was 0.6 (1.0) and the ratio was the same if adjusted EBITDA was used in the calculation.

### Financing

On 31 December 2022, interest-bearing debt amounted to SEK 5,023 million (6,446). Of the interest-bearing loans, bond loans totalled SEK 1,800 million (5,100) and other interest-bearing loans SEK 3,223 million (1,346). Of the bond loans, SEK 1,800 million are due in 2023, SEK 600 million in 2024 and SEK 1,000 million in 2025.

The syndicated credit facility with a maximum limit of SEK 5,500 million, falling due in 2024, was unutilised at year-end 2022.

### Capital structure, summary

31 December	2022	2021
Capital employed, SEKm	33,834	24,008
<b>Financing:</b>		
Interest-bearing net debt, SEKm	4,581	3,968
Interest-bearing net debt/EBITDA, multiple	0.6	1.0
Equity, SEKm	29,254	20,041
Net debt/equity ratio, multiple	0.16	0.20

### 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 –398 million for 2022 (135), compared with if no hedging had taken place.

Billerud's outstanding foreign exchange contracts on 31 December 2022 had a market value of SEK –223 million, of which SEK –68 million is the portion of the contracts corresponding to accounts receivable that has affected earnings in 2022. Other contracts had a market value of SEK –155 million.

The hedged proportion of currency flows and the SEK exchange rates for EUR, USD and GBP on 31 December 2022 are shown in the table below.

### Hedged proportions of currency flows for EUR, USD and GBP and exchange rates against SEK<sup>1</sup>

Currency	Q1–23	Q2–23	Q3–23	Q4–23	Q1–24	Total 15 months	
EUR	Proportion of net flow	79%	83%	82%	77%	78%	80%
	Exchange rate	10.50	10.64	10.69	10.82	11.07	10.74
USD	Proportion of net flow	85%	83%	81%	83%	69%	80%
	Exchange rate	9.34	9.51	10.06	10.53	10.48	9.96
GBP	Proportion of net flow	19%	–	–	–	–	–
	Exchange rate	12.58	–	–	–	–	–
Market value of currency contracts <sup>1</sup>							–223

<sup>1</sup> On 31 December 2022.

### Tax situation

Billerud's effective tax rate is normally estimated at 21–23%. The tax expense for 2022 was SEK 1,283 million (391), equivalent to a tax rate of 22% (21).

### Environmental and permit issues

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. In addition, raw materials are consumed such as wood, chemicals and energy. Inbound and outbound transportation has an indirect environmental impact.

All ten production units 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 2022.

Billerud's Swedish and Finnish production units have been awarded emission rights for carbon dioxide within the EU. The allocation for the eight-year period that began in 2021 exceeds total projected emissions.

[Download pdf for print](#)



<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
<b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

Under Chapter 6 Section 11 of the Annual Accounts Act, Billerud AB (publ) has chosen to prepare the statutory sustainability report as a separate report from the annual accounts on pages 23–44, 67–71 and 124–152. The report has been prepared in accordance with the Global Reporting Initiative (GRI) guidelines for sustainability reporting, GRI Standards: Core option.

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 2022, the company's share of turnover from products or services associated with taxonomy-aligned economic activities was 2.4%. The entire taxonomy report is presented on pages 143–146.

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 140–141.

### Product and process development

The costs of product and process development, to the extent attributable to research activities, are charged to profit in the year that they arise. In 2022, such costs accounted for approximately 0.2% (0.2) of Billerud's operating costs.

### 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 slightly lower in the summer, however, 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.

### 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 comprises 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 the profitability level for the products subject to volume losses, extent of mea-

sures 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.

### Other seasonal effects

A considerable share of volumes for 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.

### Share structure

On 31 December 2022, the share capital totalled SEK 1,843,307,607, represented by 249,611,422 shares. The number of shares on the market totalled 248,349,531.

Billerud carried out a rights issue during the second quarter 2022, with the purpose to repay a part of the debt raised to finance the acquisition of Verso. Five subscription rights entitled the subscription of one new share at a price of SEK 84.5 per share, and the subscription period was from 3 June to 17 June 2022. Through the rights issue, a total of 40,231,816 shares, corresponding to around 97% of the offered shares, were subscribed for with subscription rights. The remaining 1,159,772 shares were allotted to those who subscribed for shares without subscription rights. The number of shares in Billerud increased through the rights Issue by 41,391,588 shares and the share capital increased by SEK 305,664,814. Shareholders who did not participate in the rights Issue had their ownership stake in the company diluted by approximately 16.7%.

During 2022 Billerud transferred 87,156 shares under the long-term incentive programme resolved by the 2019 Annual General Meeting. No shares were repurchased during the year.

### Maintenance shutdowns

Production unit	Shutdown cost 2022 SEKm	Estimated average earnings impact SEKm	Estimated breakdown of earnings impact		Planned dates of maintenance shutdown		
			Board	Paper	2023	2022	2021
Gävle	197	~ 165	~ 94%	~ 6%	Q3	Q3	Q3
Gruvön	260	~ 200	~ 97%	~ 3%	Q2	Q1-Q2	Q2
Frövi	153	~ 115	100%	0%	Q4	Q4	Q4
Skärblacka	153	~ 130	~ 12%	~ 88%	Q2	Q2	Q4
Karlsborg	133	~ 90	0%	100%	Q3	Q3	Q3
Pietarsaari	11	~ 15	0%	100%	–	Q2	–
Rockhammar	16	~ 15	100%	0%	Q4	Q4	Q3
Escanaba	128	~ 180	0%	100%	Q4	Q3	–
Quinnesec	434	~ 400	0%	100%	–	Q3	–
<b>Total</b>	<b>1,485</b>	<b>1,310</b>					

[Download pdf for print](#)



<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
..... <b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

On 31 December 2022, Billerud's holdings of treasury shares totalled 1,261,891, representing a decrease of 87,156 shares compared with 31 December 2021. These bought-back shares are held as security for conditional rights in the long-term incentive programmes.

### Distribution of shares

31 December	2022
Registered number of shares	249,611,422
Repurchased shares in Company treasury	-1,261,891
Shares on the market	248,349,531

### Billerud shares

The share capital of Billerud AB is represented by 249,611,422 ordinary shares, of which 1,261,891 are owned by Billerud AB. 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.

The two largest shareholders at year-end 2022 were AMF Pension & Funds and Frapag Beteiligungsholding AG. AMF Pension & Funds owned 38,759,642 shares, corresponding to 15.6% of the shares on the market, and Frapag Beteiligungsholding AG owned 30,000,000 shares, corresponding to 12.1% of the shares in the market at the same time. No other shareholder owned 10% or more of the total number of shares on 31 December 2022.

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 labour market practice.

### Parent company

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

Operating profit for 2022 was SEK -346 million (164). 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 -398 million (135) in 2022.

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

The average number of employees on 31 December 2022 was 140 (135). Cash and bank balances, and short-term investments totalled SEK 903 million (3,175).

### Risk management in parent company

For a description of the Group's risk management, see the Risks and risk management section on page 67. This section also includes information about the effect of the war in Ukraine and the macro-economic situation on Billerud's operations. The description applies, where appropriate, to both the Group and the parent company. Specific differences concerning the parent company are commented on under this heading.

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 receivable, because a large share of the production units' accounts receivable is 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 total provision within the Group for doubtful accounts receivable in 2022, 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 2022, foreign exchange contracts not yet recognised in profit/loss for the parent company nominally totalled SEK 5,122 million (3,920), which will be recognised in profit/loss in 2023 and 2024.

### 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 2022. As a result, the parent company has the same exposure to changes in interest rates as the Group.

### Proposed allocation of profit

As shown in Note P16, non-restricted equity in the parent company, Billerud AB, totalled SEK 10,707 million on 31 December 2022. Billerud's Board of Directors proposes that an ordinary dividend of SEK 5.50 per share and an extraordinary dividend of SEK 2.00 per share is paid to shareholders. The dividend proposal of a total dividend of SEK 7.50 per share corresponds to approximately 41% of the Group's net profit.

### Events after the close of the financial year

For events after the end of the period see note 26 for the Group and note P24 for the Parent company .

[Download pdf for print](#)

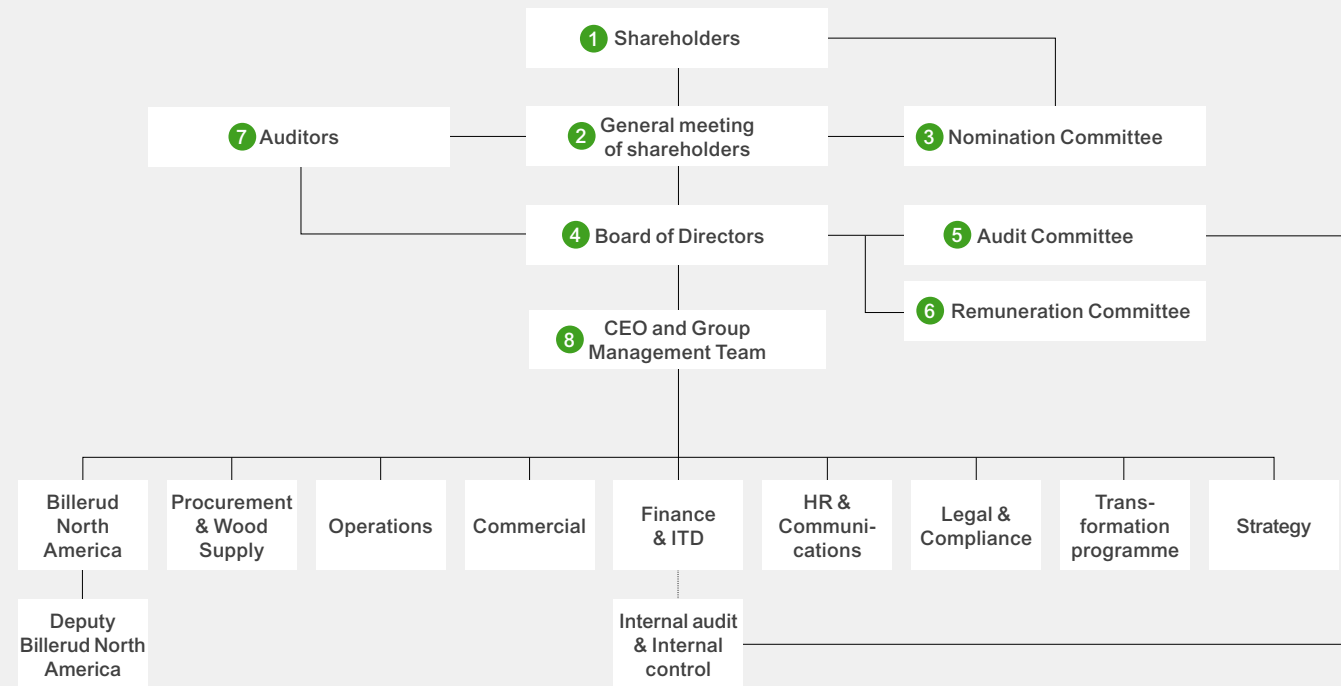




This is Billerud	3
Sustainability	22
..... Directors' report	45
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
Financial statements, signatures and auditor's report	72
Sustainability notes and additional information	124

# 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 2022 has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance.



## 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](http://www.corporategovernanceboard.se), where a description of the Swedish model for corporate governance is also provided.

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 2022, the total number of shareholders was 98,475, compared with 98,053 at the previous year-end. Each share carries an entitlement to one vote. The proportion of foreign ownership was 39.9% (39.9) of the number of shares on the market. Other groups of shareholders consisted of Swedish mutual funds 28.5% (25.4), Swedish individuals including closely held companies 20.0% (20.9) and Swedish institutions and foundations 11.6% (13.8). The largest shareholder, AMF Pension &

Download pdf for print



<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
..... <b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

Funds, owned 38,759,642 shares, corresponding to 15.6% 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 2022. Further details about the company's shares, shareholders, and the like are presented in the section "The share", 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 accounts, 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.

### 2022 Annual General Meeting

The 2022 AGM took place on 10 May 2022, and addressed matters customarily dealt with at the AGM. The AGM also voted to authorise the Board to resolve on a rights issue to finance the acquisition of Verso Corporation, to approve a change of the Company's name from BillerudKorsnäs to Billerud and to introduce a long-term incentive programme (LTIP 2022). The minutes and other documents from the AGM are available on the Company's website.

### 2023 Annual General Meeting

Billerud's 2023 AGM will take place on 24 May 2023 in Stockholm. Notice of the AGM will be made in April 2023 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 2023 AGM. For further information about the Nomination Committee instructions, see www.billerud.com.

The Nomination Committee held several meetings prior to the 2023 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. Under 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 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 headed "Nomination Committee" containing further information about the Nomination Committee.

## Composition of and voting representation on the Nomination Committee

Representative	Shareholder	Share of voting power, % <sup>1</sup>
Tomas Risbecker	AMF Pension and Funds	15,6
Michael M.F. Kaufmann	Frapag Beteiligungsholding AG	12,1
Lennart Francke	Swedbank Robur funds	6,9
Thomas Wuolikainen	Fourth AP Fund	6,4

<sup>1</sup> On 31 December 2022.

Tomas Risbecker was appointed Chairman of the Nomination Committee when the Nomination Committee for the AGM 2023 was constituted.

## 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 2022 AGM established that the Board of Directors should consist of seven members and voted to re-elect the Board members Andrea Gisle Joosen, Bengt Hammar, Victoria Van Camp, Jan Svensson and Jan Åström, and to elect Florian Heiserer and Magnus Nicolin as new members of the board. The Annual General Meeting decided to elect Jan Svensson as Chairman of the Board. The employee organisations have appointed two employee representatives to serve on the Board. These are Per Bertilsson and Nicklas Johansson, and as deputy Bo Knöös and Magnus Axelsson. Other than the employee representatives and their deputy, none of the Board members are employed by the Group. Of the Board members elected by the AGM, two are women and five 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 65–66.

Download pdf for print



<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
..... <b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

### Organisation 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 organisation of the Company and management of the Company's affairs, ensuring that the Company's organisation 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 summarises the Company's responsibilities, values and goals.

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.

### Work of the Board in 2022

The Board held 13 meetings in 2022, including the inaugurating meeting. For information on attendance at these meetings, see the table below. 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 investments above a certain level, risk management and other matters. An important 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 acquisition and subsequent integration of the US company Verso Corporation, an acquisition that was announced on 20 December 2021 and completed on 31 March 2022. Following completion of the acquisition, the Board also resolved on a rights issue to partly finance the acquisition. The Board also worked on other strategically important issues, such as talent and succession planning, long term strategy to achieve sustainability goals, as well as the Company's innovation and digitalization agenda.

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 respect to 2022, the Board conducted an internal assessment of its work (for 2020 the assessment was done with the aid of an external consultant). 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.

### Attendance at Board meetings and committee meetings

Member	Position	Board meetings	Audit Committee meetings	Remuneration Committee meetings
Jan Svensson	Chairman	13/13		8/8
Per Bertilsson	Board member	13/13		
Andrea Gisle Joosen	Board member	13/13	5/5	
Bengt Hammar	Board member	13/13		
Nicklas Johansson	Board member	12/13		
Victoria Van Camp	Board member	13/13		5/5 <sup>1</sup>
Jan Åström	Board member	13/13	3/3 <sup>2</sup>	3/3 <sup>3</sup>
Florian Heiserer	Board member	9/9 <sup>4</sup>	3/3 <sup>5</sup>	
Magnus Nicolin	Board member	9/9 <sup>6</sup>		
Michael Kaufmann	Deputy Chairman	4/4 <sup>7</sup>		2/3 <sup>8</sup>
Tobias Auchli	Board member	4/4 <sup>9</sup>	2/2 <sup>10</sup>	
Kristina Schauman	Board member	4/4 <sup>11</sup>	2/2 <sup>12</sup>	

<sup>1</sup> Victoria Van Camp joined the Remuneration Committee after the AGM 2022.

<sup>2</sup> Jan Åström joined the Audit Committee after the AGM 2022.

<sup>3</sup> Jan Åström left the Remuneration Committee after the AGM 2022.

<sup>4</sup> Florian Heiserer joined the Board of Directors at the AGM 2022.

<sup>5</sup> Florian Heiserer joined the Audit Committee after the AGM 2022.

<sup>6</sup> Magnus Nicolin joined the Board of Directors at the AGM 2022.

<sup>7</sup> Michael Kaufmann left the Board at the AGM 2022.

<sup>8</sup> Michael Kaufmann left the Remuneration Committee at the AGM 2022.

<sup>9</sup> Tobias Auchli left the Board at the AGM 2022.

<sup>10</sup> Tobias Auchli left the Audit Committee at the AGM 2022.

<sup>11</sup> Kristina Schauman left the Board at the AGM 2022.

<sup>12</sup> Kristina Schauman left the Audit Committee after the AGM 2022.

Download pdf for print



<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
..... <b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

### 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), Andrea Gisle Joosen and Florian Heiserer. An employee representative normally attends the meetings of the audit committee.

### Work in 2022

The committee held five meetings in 2022. During the year, the committee addressed the following audit topics; audit plan for 2022 enterprise risk management, internal control, establishment of internal audit, financing, currency and energy hedging and tax. 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 is summarised in "Internal control over financial reporting".

#### 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 programmes 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, make proposals to the Board about the salary and other remuneration to the CEO and, on the recommendation of the CEO, make decisions 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 2022

The committee held eight meetings in 2022. In 2022, the committee considered bonus payments with respect to 2021, outcome on LTIP 2019 and prepared a proposal for a new LTIP 2022 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 2021 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 the section "Remuneration at Billerud" and Note 24.

#### 7 Auditors

The Company's auditors are appointed by the general meeting of shareholders. At the 2022 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 2023 AGM. Hök Olov Forsberg is currently also auditor for AQ Group, 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 2022.

#### 8 CEO and Group Management Team

The Company's Chief Executive Officer (CEO) is appointed by the Board of Directors. Christoph Michalski is the Company's CEO since 1 November 2020. 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, Deputy CEO & Group CFO, EVP Commercial & Sustainabil-

[Download pdf for print](#)



<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
..... <b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

ity, EVP Operations, EVP Procurement & Wood Supply, EVP HR & Communication, EVP Group Legal & Compliance, EVP Strategy, EVP North America & General Counsel North America, Deputy President North America and Chief Transformation Officer. For further information about the members of the GMT, see pages 63–64.

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 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.

The CEO chairs GMT meetings and makes decisions in consultation with the other senior executives. The GMT usually meets monthly to review the financial performance of the preceding month, update forecasts and plans, as well as to discuss strategic issues. In addition, the GMT meets bi-weekly for short telephone conferences, and as needed.

**Organization and governance**

The Company's organisation is built along the business flow around three functional areas: Procurement & Wood Supply, Operations and Commercial. The North American operations are organised in a separate division. Staff functions are organised in Finance & IT, HR & Communications, Legal & Compliance, and Strategy. 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 (however below our Code of Conduct): Governance Policy, Responsible Business Policy, Sustainability Policy, Communication, Branding & Information Policy, Finance Policy, People Policy, Operations, Quality & Procurement Policy, and Health & Safety Policy.

**Guidelines for remuneration to senior executives**

The 2022 AGM adopted guidelines on the remuneration of senior executives in the Group. 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 USA) 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 2022, see note 24. The Board's proposal for guidelines in 2023 is presented in the section "Remuneration at Billerud".

[Download pdf for print](#)



This is Billerud	3
Sustainability	22
••••• Directors' report	45
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
Financial statements, signatures and auditor's report	72
Sustainability notes and additional information	124

# Remuneration at Billerud

Billerud endeavours to attract, retain and develop the right people through a competitive remuneration package that clearly links pay to performance. Billerud's short- and long-term incentive plans are developed in line with the Group's strategic and financial targets, designed to deliver sustainable value for shareholders whilst realising the Group's strategy.

Billerud has a clear philosophy on remuneration which is based on principles of competitive national and regional pay levels that help attract, retain and develop the right people. The Group's remuneration philosophy shall support the Group through our managers and employees realising Billerud's vision and operating targets.

The purpose of the remuneration guideline is to support Billerud by encouraging employees to understand the Group's overall objectives and strategies. The remuneration shall support internal and external pay equity and create a clear line of sight between performance, pay and development. The remuneration committee aims for remuneration to not be set in an overly automated way and for decisions to not be perceived as arbitrary or unfair.

## Remuneration Components in Billerud

### Fixed pay

Fixed pay is based on market pay levels and is set on the basis of a pay scale taking into account experience, skills, performance and area of responsibility. Fixed pay is reviewed annually in the annual pay review process, where pay is considered in accordance with employee performance and relative pay levels for the role in relation to the external market.

### Variable pay

#### Short-term incentive programme (STIP)

Variable pay in the shape of a STIP is paid depending on actual results measured against detailed Group objectives and target levels, up to a set maximum amount or percentage of fixed annual base pay. The Group uses a consistent variable pay process for all staff to highlight the link between individual performance and the Group's result against annually defined objectives and target levels. Variable pay is only exercised if the Billerud Group has a positive operating profit.

#### Long-term share-based incentive programme (LTIP)

The purpose of Billerud's LTIP is to increase the Group's ability to retain senior executives and key employees by linking their financial interests to the shareholders. To participate in the programme participants must hold privately purchased saving shares until the end of each programme. The LTIP runs over three years and the outcome depends on the achievement of various financial and share price-linked performance requirements.

### Retirement

Billerud offers pension benefits as stipulated by the collective bargaining agreement in the markets where this is applicable or otherwise to the median of the national market.

### Other benefits

These are set according to role and market-based remuneration and mainly take the form of car benefit and private medical insurance.

### Long-term incentive programme (LTIP)

The 2010–2022 AGMs approved the introduction of long-term incentive programmes (LTIP 2010–2022) for Billerud and, in conjunction with this, a transfer of its own holding of treasury shares. There are currently three programmes outstanding: 2020, 2021 and 2022. The programme extends to senior executives and other key employees within the Billerud Group. The LTIP has a term of three years. For LTIP 2020 the outcome depends on meeting different financial and share price performance requirements that are deemed to be of considerable significance in terms of the future development of the Group. To take part in the LTIP, the participants are required to purchase and hold Billerud shares, known as savings shares. The general rule for the LTIP is that for each saving share that participants invest in, participants may receive allocated shares at the end of the vesting period, at no charge other than relevant benefit taxation handled by local payroll. The maximum number of participants invited to participate in the LTIP was 100 participants and the programme consists of three categories. Category 1 includes the CEO role and gives a maximum of 1:6 of saving shares to performance shares at vesting. Category 2 for LTIP 2020 includes the Group Management Team and other senior management roles such as heads of mills and gives a maximum of 1:5 saving shares to performance shares at vesting. Category 1–2 may consist of a maximum 20 participants. Category 3 for LTIP 2020 includes other key employees and gives a maximum of 1:4 saving shares to performance shares at vesting.

For rights to performance shares under LTIP 2020, the following financial performance objectives are measured:

- (a) Billerud's annual organic growth.
- (b) Billerud's average adjusted EBITDA margin.
- (c) Billerud's sustainability performance.

Performance requirements grant shares on a straight-line basis between minimum and maximum levels. LTIP 2020 is also dependent on total shareholder return (TSR).

[Download pdf for print](#)

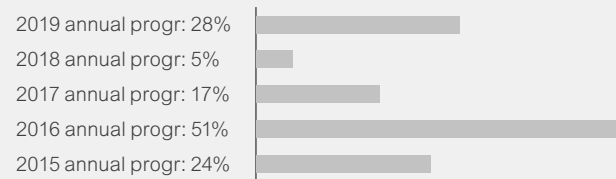


<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
..... <b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

For LTIP 2022, similar to LTIP 2021, the outcome depends on one financial performance condition – currency adjusted earnings per share growth, set over a three-year period with a straight-line basis between minimum and maximum levels. To take part in the LTIP the participants are required to purchase and hold Billerud shares, known as participation shares. If Billerud meets the performance conditions participants will be entitled to receive a certain amount of performance shares corresponding to a percentage of the participants annual base salary (before tax) as per 31 December 2024. The maximum number of participants invited to participate in the LTIP 2022 is 60 and the programme consists of three categories. Category 1 includes the CEO with a participant share investment of 15% of annual base salary as of 31 December 2021 and a maximum award of 60% of annual base salary as of 31 December 2024. Category 2 includes the Group Management Team with a participant share investment of 10% of annual base salary as of 31 December 2021 and a maximum award of 50% of annual base salary as of 31 December 2024. Category 3 includes other key persons with a participant share investment of 5% of annual base salary as of 31 December 2021 and a maximum award of 25% of annual base salary as of 31 December 2024.

### Historical data, completed long-term incentive programmes

Percentage of performance criteria set



### Guidelines for remuneration of senior executives 2023

The following guidelines for remuneration to the CEO and other members of the Group Management Team (GMT Members) were approved at the Annual General Meeting in 2022 and are still applicable for 2023 as the board of directors are not proposing any changes. The guidelines are applicable on remuneration agreed, and amendments to remuneration already agreed. The guidelines do not apply to any remuneration approved by the general meeting, for example ordinary

### Long-term incentive programme (LTIP)

Programme	Number of participants	Savings shares	Max. allocation of Billerud shares	Percentage of total number of shares/votes	Estimated cost (of which social security costs), SEKm	Maximum cost (of which social security costs), SEKm	Operating profit for 2022 is charged with, SEKm
LTIP 2020	81	60,906	281,640	0.1%	30 (8)	71 (36)	18
LTIP 2021	49	N/A	N/A <sup>1</sup>	N/A	39 (9)	45 (11)	14
LTIP 2022	53	N/A	N/A <sup>1</sup>	N/A	33 (9)	43 (12)	6

<sup>1</sup> Based on a percentage of annual salary, so it depends on the price per share at vesting. See Note 24 for more information.

board remuneration and Billerud long-term share-related incentive programmes.

### 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 realise 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 realise the strategy and achieve this purpose. To achieve this, it is necessary that Billerud offers competitive total remuneration which creates incentives for senior executives to place the customer in the centre, dare to innovate, lead the change and care for each other. 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 per cent of their respective annual fixed cash salary. Reflecting current market conditions, the variable cash remuneration for members of the GMT employed in the U.S. may amount to a maximum of 150 per cent of 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 per cent of the annual fixed cash salary, and 150 per cent of the annual fixed cash salary for members of the GMT employed in the U.S. 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,

[Download pdf for print](#)



<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
..... <b>Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

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 to reasonable administrative complexity, offer the members of the GMT employed in the US, participation in cash based long-term incentive programmes, linked to achievement of pre-determined financial performance targets. The maximum outcome shall have a pre-determined cap amounting to no more than 150 per cent of the annual fixed cash salary.

More information about these program, including the criteria for the outcome, are available on the company's website [www.billerud.com/About-Us/Corporate-Governance/](http://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 per cent 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 not more than 40 per cent of the annual fixed cash salary.

**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 of 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.

For employments 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 individualised, 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**

Billerud can apply the following terms in the event of termination of employment of an GMT member; a notice period of a maximum 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 a 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 U.S., 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.

[Download pdf for print](#)





<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
<b>..... Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
<b>Internal control over financial reporting</b>	<b>61</b>
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

# 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 organisational 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 and 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

At the time of acquisition, Verso's financial accounting was converted from US GAAP to the IFRS accounting standard. Additionally, Verso, now Billerud North America, has a well-established and effective framework of internal control over financial reporting based on the

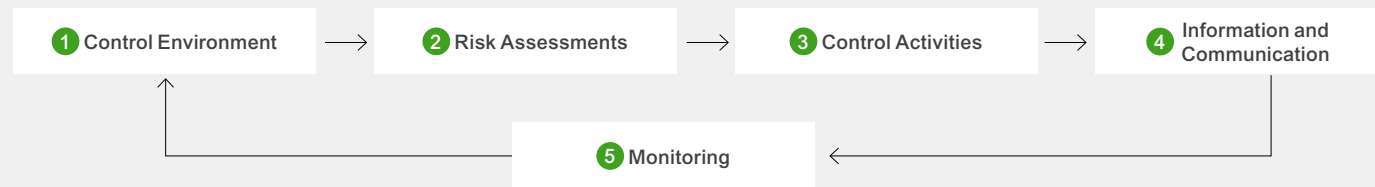
COSO principles. The alignment of the accounting principles and effective internal control framework ensure the reliability of Billerud's financial reports.

For more information about Billerud's corporate governance work, please see the section Corporate Governance in Billerud on pages 53–57.

## 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 organisational 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 of 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 56.

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 the work to maintain adequate internal control. Examples are a Code of Conduct, Governance Policy and Finance Policy. Billerud's shared service centre ensures effective and uniform management of financial processes through uniform procedures and control systems and creates the necessary documentation. This documentation is updated annually or as necessary to reflect changes to processes and ensure that applicable laws and regulations are followed.



[Download pdf for print](#)



<b>This is Billerud</b>	<b>3</b>
<b>Sustainability</b>	<b>22</b>
<b>..... Directors' report</b>	<b>45</b>
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
<b>Financial statements, signatures and auditor's report</b>	<b>72</b>
<b>Sustainability notes and additional information</b>	<b>124</b>

## 2 3 Risk Assessment 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 Risk and Risk Management section on pages 67–71. 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 authorisation 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 and 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 made of 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 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 programmes. Within the framework of ERM, material risks of errors in financial reporting are continuously identified and it ensures that 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 Risk and Risk Management section and note 1.

## 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.

Work continued during the year to develop the Group's policy framework for the purpose of ensuring completeness and uniformity on formulation, ownership and responsibility for updates. 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 will continue in 2023.

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 & 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.

[Download pdf for print](#)



This is Billerud	3
Sustainability	22
..... Directors' report	45
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
Financial statements, signatures and auditor's report	72
Sustainability notes and additional information	124

## Group Management Team<sup>1</sup>



### Christoph Michalski

*President and CEO*

*Education:* Master in Economics, Christian Albrechts University.

*Year employed:* 2020

*Year born:* 1966

*Other assignments:* Board member of Vinda International Holdings Ltd.

*Background:* CEO Vinda International, President SCA Hygiene, President SCA Asia Pacific, Director Global Marketing and Business Development Fonterra Brands, Unilever – various executive positions.

*Shareholding<sup>2</sup>:* 47,115



### Ivar Vatne

*Deputy CEO and Group CFO*

*Education:* MSc in Economics, Norwegian School of Economics and Business Administration (NHH).

*Year employed:* 2019

*Year born:* 1978

*Other assignments:* Board member of Paper Bottle Company A/S.

*Background:* CFO Arla Foods UK Ltd, CFO Arla Foods AB, Vice President Finance Europe Region Fiskars. Various positions in Procter & Gamble (P&G) for 10 years.

*Shareholding<sup>2</sup>:* 13,329



### Paulina Ekvall

*Executive Vice President Human Resources and Communication*

*Education:* Bachelor in HR Management/Labour law, Lund University.

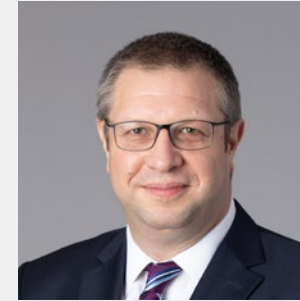
*Year employed:* 2017

*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.

*Shareholding<sup>2</sup>:* 8,926



### Matthew Hirst

*Executive Vice President Commercial and Sustainability*

*Education:* Bachelor in Sports Science and Recreation Management, Loughborough University. Masters in Management, Durham University.

*Year employed:* 2021

*Year born:* 1977

*Other assignments:* –

*Background:* Vice President Category Professional Hygiene, Essity. Global Brand Director, Essity. Various sales and marketing roles, Essity.

*Shareholding<sup>2</sup>:* 2,924



### Tor Lundqvist

*Executive Vice President Operations*

*Education:* MSc. Royal Institute of Technology, Stockholm.

*Year employed:* 2010

*Year born:* 1971

*Other assignments:* –

*Background:* Business Unit Director Div Solutions, BillerudKorsnäs. Mill Director Skärblacka mill, BillerudKorsnäs. Managing Director Hylte mill, Stora Enso.

*Shareholding<sup>2</sup>:* 7,502

<sup>1</sup> Robert A. Kreizenbeck left his employment as EVP North America in March 2023. Kevin Kuznicki was appointed EVP North America & General Counsel North America on 27 March 2023. He was previously Deputy President & General Counsel North America and has been a member of the Group Management Team since 2022.

<sup>2</sup> Shareholding, own and closely related parties, as per 1 March 2023.

[Download pdf for print](#)



This is Billerud	3
Sustainability	22
..... Directors' report	45
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
Financial statements, signatures and auditor's report	72
Sustainability notes and additional information	124

# Group Management Team<sup>1</sup>



### Andreas Mattsson

*Executive Vice President Legal and Compliance, Group*

*Education:* Master of Law, Lund University.

*Year employed:* 2013

*Year born:* 1978

*Other assignments:* –

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

*Shareholding<sup>2</sup>:* 7,972



### Erik Olsson

*Executive Vice President Strategy*

*Education:* Master of Science in Computer technology / Industrial automatization, Luleå University of Technology.

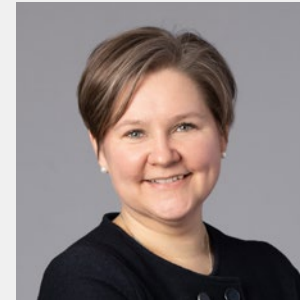
*Year employed:* 2021

*Year born:* 1961

*Other assignments:* –

*Background:* Executive Vice President and President Pöyry Management Consulting PLC. Leading executive management positions within Norske Skog, SCA, Stora Enso and Sveaskog. Founded and built two bioenergy companies in the USA.

*Shareholding<sup>2</sup>:* 2,028



### Anna-Maria Tuominen-Reini

*Executive Vice President Procurement and Wood Supply*

*Education:* MSc in Economics and Business Administration, Hanken School of Economics, Master of Business Administration (MBA), Helsinki School of Economics.

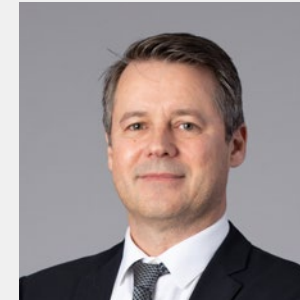
*Year employed:* 2021

*Year born:* 1974

*Other assignments:* Board member in Bergvik Skog Öst.

*Background:* Head of Procurement Metso Outotec, SVP Sourcing and Manufacturing Outotec, SVP Supply Chain, Supply Chain Director and VP Supply Chain Stora Enso, various roles at Unilever, Huhtamaki and Cebal.

*Shareholding<sup>2</sup>:* 3,000



### Stefan Ericsson

*Chief Transformation Officer, Transformation programme*

*Education:* MSc Electrical Engineering, Royal Institute of Technology, Stockholm.

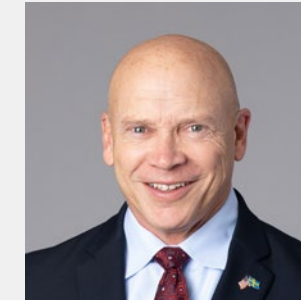
*Year employed:* 1999

*Year born:* 1973

*Other assignments:* –

*Background:* Senior Director Technology BillerudKorsnäs, Director Operations BillerudKorsnäs, Acting Mill Director Frövi BillerudKorsnäs, BillerudKorsnäs Boardmill Manager Frövi mill Korsnäs.

*Shareholding<sup>2</sup>:* 8,460



### Kevin Kuznicki

*Executive Vice President North America & General Counsel 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), 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.

*Shareholding<sup>2</sup>:* –

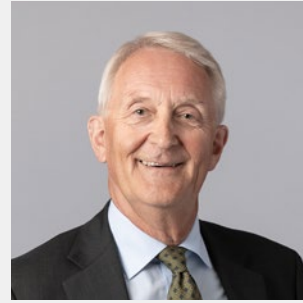
<sup>1</sup> Robert A. Kreizenbeck left his employment as EVP North America in March 2023. Kevin Kuznicki was appointed EVP North America & General Counsel North America on 27 March 2023. He was previously Deputy President & General Counsel North America and has been a member of the Group Management Team since 2022.

<sup>2</sup> Shareholding, own and closely related parties, as per 1 March 2023.



This is Billerud	3
Sustainability	22
..... Directors' report	45
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
Financial statements, signatures and auditor's report	72
Sustainability notes and additional information	124

# 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.

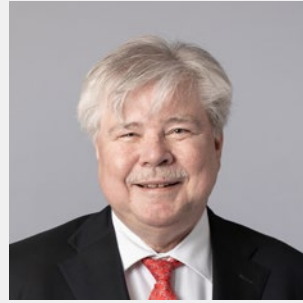
*Year born:* 1956

*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).

*Shareholding<sup>1</sup>:* 29,000

*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.

*Shareholding<sup>1</sup>:* 12,133

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



### Andrea Gisle Joosen

*Board member since 2015, member of the Audit Committee*

*Education:* MSc International Business, Copenhagen Business School.

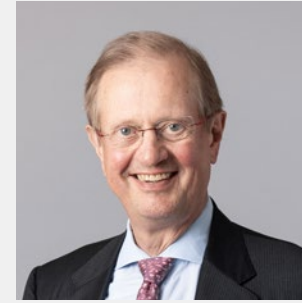
*Year born:* 1964

*Other assignments:* Chairman of Svenska Bilprovningen AB, Board member of Currys plc, Stadium AB, Qred AB, Logent AB, The Nu Company GMBH and 888 plc.

*Background:* CEO of Boxer TV Access AB, Nordic Managing Director of Panasonic, Chantelle and Twentieth Century Fox Home Entertainment. Senior positions at Johnson & Johnson and Procter & Gamble. Board assignments in several global companies, such as Chairman of the Board of Acast AB and Teknikmagasinet AB, Board Member of Ica Gruppen, James Hardie Industries Ltd and Mr Green & Co AB.

*Shareholding<sup>1</sup>:* 4,536

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



### Bengt Hammar

*Board member since 2014*

*Education:* BA and MA in International Economics and Politics, Princeton University, New Jersey, United States.

*Year born:* 1951

*Other assignments:* Senior adviser, Pöyry Capital Ltd.

*Background:* Founder and CEO of Pöyry Capital Ltd., Managing Director, Head of Global Forest Products & Packaging, Barclays De Zoete Wedd Ltd. Executive Director, Head of European Forest Products & Packaging, Morgan Stanley & Co. Int.

*Shareholding<sup>1</sup>:* 2,320

*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.

*Shareholding<sup>1</sup>:* 30,002,000 (incl. 30 000 000 shares held by FRAPAG)

*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 and The Chalmers Foundation. Senior adviser Siemens Digital Industries AB.

*Background:* CTO and President, Technology, AB SKF. Board member of VBG Group AB and PREERA. Director of Industrial Market Technology & Solutions, Director of Product Innovation Lubrication BU and several other positions in SKF Group.

*Shareholding<sup>1</sup>:* 3,946

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

[Download pdf for print](#)

<sup>1</sup> Shareholding, own and closely related parties, as per 1 March 2023.



This is Billerud	3
Sustainability	22
••••• Directors' report	45
Directors' report	46
Corporate governance in Billerud	53
Remuneration at Billerud	58
Internal control over financial reporting	61
Group Management Team	63
Board of Directors	65
Risks and risk management	67
Financial statements, signatures and auditor's report	72
Sustainability notes and additional information	124

# Board of Directors



### 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.

*Shareholding<sup>1</sup>:* 12,000

*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.

*Shareholding<sup>1</sup>:* –



### Bo Knöös

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

*Year born:* 1964

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

*Shareholding<sup>1</sup>:* –



### 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 centre. 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.

*Shareholding<sup>1</sup>:* –



### 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.

*Shareholding<sup>1</sup>:* 120

<sup>1</sup> Shareholding, own and closely related parties, as per 1 March 2023.

[Download pdf for print](#)