



BILLERUDKORSNÄS

SUSTAINABILITY REPORT

BillerudKorsnäs develops and markets materials made from primary fibre and smart packaging solutions that add value all the way home to the customer.

2013

**Innovation is our passion
Sustainability is our future**





The picture on the cover shows **SoliQ™**
– a packaging solution that **produces higher sustainability performance for packaging and its sensitive contents.**

Sensors monitor conditions, and keeping goods fresh increases profitability.

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BillerudKorsnäs' Sustainability Report combines with its Annual Report and Annual Review to form the Group's comprehensive reporting for 2013.



We challenge conventional packaging **for a sustainable future**

BillerudKorsnäs AB is one of the world's leading suppliers of high-quality packaging materials based on primary fibre. The wood raw material comes from responsibly managed forests and manufacturing takes place at the Group's own production plants in Sweden, Finland and the UK. In addition wood pellets are produced in Latvia.

The company has a broad product portfolio and enjoys close collaborations with brand owners, packaging manufacturers and partners the world over, which constantly brings valuable knowledge and new insights.

The fundamental starting point is that smart packaging solutions made from paper or board from BillerudKorsnäs reduce the impact on the climate, cut the use of finite resources and contribute to a sustainable future.

Demand is driven by global development. Consumer segments, primarily food, account for 75% of sales. Europe is the core market, although BillerudKorsnäs is gradually strengthening its presence in the leading growth markets of Asia.

“ **Global development**

is increasing demand for smart and environmentally friendly packaging.



Four market segments

Our materials and solutions are predominantly used in four market segments



FOOD & BEVERAGES 60% (57%)

– PROTECTING AND PRESERVING FLAVOUR AND NUTRITION

- Used primarily for** • Liquid packaging • Bread, sugar and flour bags
• Cups • Trays • Corrugated boxes for fruit and vegetables
• Take-away food and fresh food packaging



CONSUMER & LUXURY GOODS 10% (11%)

– ADDING VALUE AND STRENGTHENING THE BRAND

- Used primarily for** • Carrier bags • Gift bags • Boxes and corrugated boxes for cosmetics, watches, shoes and drinks



MEDICAL & HYGIENE 6% (6%)

– MAXIMISING PURITY AND PERFORMANCE

- Used primarily for** • Medical packaging • Release liner for self-adhesive hygiene products • Paper for various sterilisation and packaging methods



INDUSTRIAL 24% (26%)

– OPTIMISING DEMANDING PRODUCTION

- Used primarily for** • Sacks for cement and other powdered goods
• Transport packaging • Steel interleaving • Speciality papers

Europe 74% (76%)

Asia 14% (14%)

Africa 5% (4%)

Middle East 3% (3%)

South America 2% (2%)

Other 2% (1%)

Net sales 2013 by region

Business areas

BillerudKorsnäs is active in the global market via its three business areas:

PACKAGING PAPER

The Packaging Paper business area offers premium quality kraft and sack paper, coupled with smart solutions for customers' manufacturing processes and applications. Examples include carrier bags and packaging for food, industrial purposes and medical applications.

Sustainable and efficient

CONSUMER BOARD

The Consumer Board business area delivers high-quality cartonboard for beverages, yoghurt, refrigerated and frozen food products and other consumer goods. Smart solutions in terms of function, design and material selection add value for the customer.

Pure and safe

CONTAINERBOARD

Strong, light materials from the Containerboard business area are used in corrugated packaging for fragile goods and demanding distribution systems. Advice on packaging optimisation and efficient distribution is a key component of the offer.

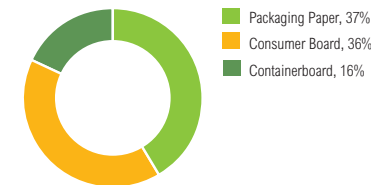
Strong and light

2013
Net sales 2013
SEK 19.5 BILLION

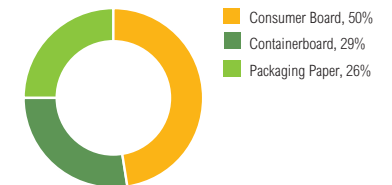
Operating profit 2013
SEK 1.1 BILLION

Number of employees 4 270

SHARE OF GROUP NET SALES



SHARE OF GROUP OPERATING PROFIT



CEO's statement

This first year as a new company was built on the fantastic input of a large number of people. The integration process has proceeded considerably more quickly than we anticipated when BillerudKorsnäs was formed and today we are a strong company with clear strategies and shared values.

Our new vision, **“We challenge conventional packaging for a sustainable future”**, reflects the company's sustainability ambitions. In other words innovation is our passion and sustainability is our future.

Internally it was a year of change for everyone, with a new organisation and consequently new communication structures, working processes and customer interaction. New skills were brought on board to make us even better equipped for the future. We strengthened the organisation in innovation in particular, paving the way for strong, long-term financial development. Maintaining a high level of innovation has also been promoted to an overall sustainability target so as to emphasise and drive efforts in this respect in the short term too. We are seeking to demonstrate that BillerudKorsnäs is a leader in the industry when it comes to innovation – an important part of what we see as sustainability for the company.

SUSTAINABILITY FOR BILLERUDKORSNÄS

During the year we set out what sustainability means for BillerudKorsnäs. It is clear that we will work in all three areas, economic, environmental and social, with measurable targets for the most important aspects. At the same time, managing development with such a broad scope is a challenge. This is why we have a sustainability strategy with six focus areas. We will be clear about where we are heading.

GUIDED BY OUR STAKEHOLDERS

We studied what our most important stakeholders think is important in our work on sustainability. It is clear that they see our finances as the foundation for continued development in terms of business relations and social impact. They also think that environmental performance and safety in the workplace are among the most important issues. Customers and investors cite the supplier chain and the fact that it does not involve child labour or corruption, for example. Customers see product safety as particularly important. For this reason we are placing particular emphasis on these areas and are adapting to our increasingly global role.

CONSTANT IMPROVEMENTS

It is a pleasure to see that we achieved such improved results during 2013, for example on sustainability targets such as cutting fossil carbon dioxide emissions from manufacturing and safety in the workplace. We will work sustainably on ongoing changes in order to attain our targets of



no fossil carbon dioxide emissions and zero workplace accidents. We will continue to work on a broad scale, including being active in the community, improving energy efficiency and adapting our operations to the environment in which we work.


IMPROVING PERFORMANCE – AND SHOWING IT

Our ambition is to credibly demonstrate our performance to our stakeholders. One example of this is subjecting the content of our sustainability report to external review. We will increasingly be reporting in external arenas such as those provided by CDP and WWF, and giving investors, customers and others an opportunity to evaluate BillerudKorsnäs. This emphasises the importance of coordinating and harnessing the expertise and desire to develop that exists in the organisation to ensure continued improvements.

WE SHOULDER OUR RESPONSIBILITY AS PART OF THE VALUE CHAIN

Global growth demands extra thought about what our responsibility means. The UN Global Compact and our Code of Conduct guide our business decisions and help our customers to make good choices, with our products standing for sustainability in the value chain. Global development means major future potential for renewable and recyclable materials. It is our clear ambition to work in partnership with every stage of the value chain to strengthen the performance of the products, so contributing towards sustainability for the future.

Solna, March 2014


Per Lindberg
President and CEO

Key events during the year

INTEGRATION OF BILLERUDKORSNÄS

A new vision, core values and a brand platform were drawn up during the year. A great deal of work was put into developing the new organisation, introducing joint support systems and coordinating internal processes. In the autumn, the company was able to report that the integration work had proceeded more quickly than forecast.



FOCUS ON INNOVATION

BillerudKorsnäs' ambition is to be a leader in the packaging industry when it comes to innovation. Resources were therefore put in place during the year to focus on this. In the Strategic Development unit, the R&D was reinforced with the remit of purely focusing on product development. The New Business Lab was also established, tasked with finding new technologies and service offers.

MORE SELF-GENERATED ELECTRICITY AND LOWER CO₂ EMISSIONS IN GÄVLE

Now fully operational, the new biofuel-fired CHP plant co-owned by BillerudKorsnäs and Gävle municipality upped the overall amount of self-generated electricity. In total 424 GWh was generated, a figure that is expected to increase even further in 2014 once the plant is fine-tuned. Fossil CO₂ emissions for the plant fell by 85%.

BILLERUDKORSNÄS ON THE WWF ENVIRONMENTAL PAPER COMPANY INDEX 2013

“BillerudKorsnäs AB is recognised by WWF for its leadership in transparency for disclosing their ecological footprint in the WWF Environmental Paper Company Index 2013.”



INVESTMENT IN ENERGY, PRODUCTION AND THE ENVIRONMENT IN SKÄRBLACKA

A brand new evaporation plant was brought on stream in 2013. The recovery boiler was also redeveloped and the flue gas cleaning system upgraded. The investment of SEK 900 million will ensure lower energy costs, reduced emissions and increased production capacity.

ACQUISITION OF PACCESS

Paccess offers packaging services to leading multinational brand owners, often with manufacturing in Asia. What these customers have in common is that they use packaging to support their marketing and to optimise the flow of products throughout the supply chain. The acquisition brings BillerudKorsnäs a step nearer brand owners.



Sustainability strategy in the value chain

BillerudKorsnäs shall collaborate in the value chain to **strengthen and develop the sustainability performance of the products.**

- Sustainability is fundamental to BillerudKorsnäs' business. For the future the priority is to contribute to increased sustainability in the value chain of which the company is part.
- BillerudKorsnäs shall have measurable targets for sustainability in both the short and long term, so that all stakeholders are clear about what the company wants to accomplish. The focus areas are:
 - > Functional and resource-efficient packaging solutions
 - > Renewable raw materials from sustainable forestry
 - > Environmentally adapted production
 - > Committed employees in safe workplaces
 - > Doing business responsibly
 - > Active role in the community
- BillerudKorsnäs' performance and target fulfilment for sustainability shall be reported and reviewed transparently in line with recognised and credible systems.
- Through its presence in key external arenas, BillerudKorsnäs shall be known for its responsibility and excellent performance in the field of sustainability.



Purchase of goods and services
BillerudKorsnäs has interests in timber purchasing companies and performs services for forest owners. The purchasing of goods and services is founded on risk analyses, supplier evaluations and assessments of natural assets.

Manufacture
The most of BillerudKorsnäs' employees are directly engaged in the manufacturing of board, paper and pulp. Processes are continuously improved regarding resource efficiency, quality and environmental performance. Production is mainly based on bioenergy from process residues and from external companies. Electricity and some steam are purchased from different suppliers and at some plants district heating is delivered to the local community in collaboration with other companies.

Raw material transport
BillerudKorsnäs works with suppliers and transport companies to ensure that raw materials are transported cost-effectively and with minimal environmental impact. New technical solutions are evaluated with the support of institutes in the sector.

Solution services
Supported by its own laboratories, BillerudKorsnäs helps customers to choose the right packaging solution, material, design and functionality for their products and logistics, resulting in efficient use of materials and efficient distribution.



Product transport
Distributing products to a very large number of customers demands smooth cooperation in the logistics chain. Transport solutions are selected with safety, low costs and good environmental performance in view.

Product sales
BillerudKorsnäs provides 2 000 customers in 100 countries with products and services in line with the company's business model.

Customers
BillerudKorsnäs' products and services are constantly evaluated by customers. Many customers require specific information on sustainability performance in order to strengthen the value chain and the end product. The company therefore constantly provides transparent information.

End-users
Consumers around the globe encounter BillerudKorsnäs' products at every turn – in stores and shopping centres, at home and at work, at breakfast, lunch, when making dinner or collecting a take-away from the local pizzeria. The aim is for interaction in the value chain to lead to the consumer choosing functional paper-based products with good sustainability performance.

A sustainable everyday life



Sustainability for BillerudKorsnäs

Sustainable development is one of the pillars of BillerudKorsnäs' strategy. This means that the company, in addition to creating good financial results, seeks to develop its environmental activities, take responsibility for its employees and play an active role in the development of society – today and into the future.

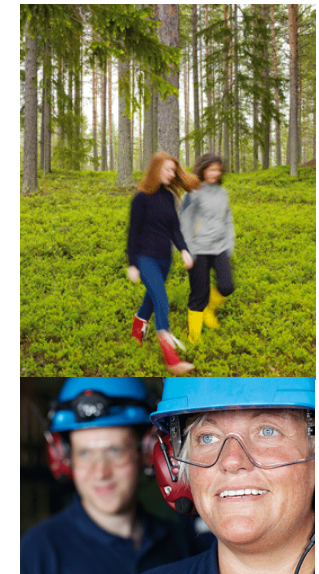
In 2013 a strategy, targets and a structure were drawn up for work on sustainability and a materiality analysis was carried out among the most important stakeholders in line with GRI G4.

Sustainable development is important for several reasons that directly impact on the company and its stakeholders today, but it is also vital in ensuring that products and workplaces remain attractive on into the future. Employees must be able to feel satisfaction in what they personally and the company have achieved.

It is also important to live up to the expectations investors, customers, other business partners and suppliers, employees and stakeholders in the community have regarding sustainable behaviour and transparent reporting.



Economic	Environmental	Social
<p>Strong brand Economic performance/business ethics/cooperation in the value chain/trust of customers and investors/networks/supplier evaluation</p>	<p>Ambitious environmental targets Internal targets/certification/industry agreements/minimum undertakings in legislation and official requirements</p>	<p>Committed employees Leadership/employee expertise/development model/cooperation</p>
<p>Access to sustainable raw materials Renewability/long-term focus/sustainable forestry/timber supply/eco-cycle approach/recyclable materials</p>	<p>Environmentally adapted production Life cycle perspective/precautionary principle/industrial processes/forestry/transport/skills/renewable energy/suppliers</p>	<p>Attractive workplaces Safety and health/equality/job satisfaction/support for stimulating leisure time</p>
<p>Efficient production Productivity/use of resources/energy efficiency/investments</p>	<p>Transparent reporting Standardised and comparable/transparency on performance in external arenas/added value for stakeholders</p>	<p>Active role in the community Stakeholder dialogue/local, regional and global development/sponsorship/supporting young people/cooperation with the education sector/communication</p>
<p>Good profitability Business model/business targets/product quality and safety/functions/added value/consumer products/development and innovation</p>	<p>External scrutiny Credibility/certification/challenging and learning</p>	<p>Social commitments Human rights/freedom of expression and freedom of association/no to discrimination, corruption, bribery and child labour</p>



Sustainability targets

BillerudKorsnäs has established sustainability targets for the short and long term – to drive development and to clarify where the company's sights are set.

New targets are to **increase innovation in products, lower CO₂ emissions from transport and increase opportunities for young people** to obtain experience of the world of work. The target for transporting products is set jointly for the industry as a whole in Sweden.

For the target on fossil-free production of carton, paper and pulp, there has been a powerful reduction of emissions during the latest years. During 2013 the emissions were 28% lower than during the reporting period the year before (page 31). For 2014 the forecast is to keep this level and until 2020 the target is a further reduction by 23%.

More detailed targets for 2020 regarding sustainability in the value chain and experience of the world of work will be drawn up during 2014.

BillerudKorsnäs has a zero vision for the use of fossil fuel in industrial production and for work-related accidents that lead to sick leave.

	KPI/Key ratio	Outcome 2013	Target 2014	Target 2020
Economic	1. Sustainability in the value chain Number of suppliers visited and audited, Purchasing/Supply Chain, n	10	15	Decision 2014
	2. High level of innovation (New) Proportion of sales accounted for by new products*, %	-	10	20
	3. Energy-efficient production Energy consumption in production, MWh/tonne product	5.60	5.50	Decision 2014
Environmental	4. Fossil-free production Emissions of fossil CO ₂ in industry, kg/tonne product	39	39	30
	5. Environmentally adapted transport (New) a. Transport of wood raw material, kg CO ₂ /tonne-km base 2007 b. Transport of products, kg CO ₂ /tonne product base 2007	- 36 (-28%)	- -	-20% -20%**
	6. Certified wood raw materials No. forest owners group certified by BillerudKorsnäs under FSC® or PEFC™, n	71	100	200
Social	7. Skills and equality a 1. Proportion of female employees, % a 2. Proportion of female managers, % b. Proportion of performance reviews, % c. Proportion of new employees with post-upper secondary education, %	18.0 20.4 80.5 52.0	19 21 100 60	23 30 100 60
	8. Safe workplaces No. work-related accidents leading to sick leave, n/year	1.5/100 employees 8.2/million working hours	<1/100 employees 5.5/million working hours	<1/100 employees 5.5/million working hours
	9. Experience of the world of work for young people (New) Introduce a model for work experience placements that supports more young people joining the labour market	-	Draw up a work experience placement model	Work experience model introduced at eight plants
	* The key ratio for new products refers to sales of paper and board, excluding pulp, energy and pellets. Definition (Innovation factor*Novelty value*Sales)/Total sales. Novelty value is zero after five years. **Target for the industry as a whole, remains in force.			

Focus areas

BillerudKorsnäs prioritises six areas that together give great breadth to the sustainability work and are important to our stakeholders.

1

Functional and resource-efficient packaging solutions

reduce consumption of resources in the form of raw materials and energy, and ensure rational and safe distribution of food and other goods for our customers

2

Renewable raw materials from sustainable forestry

provide long-term access to wood raw materials whose origin takes into account the forest's environmental assets and social functions

3

Environmentally adapted production

reduces emissions to air and water, increases the company's energy recovery, raises the proportion of renewable energy and cuts the use of fossil energy

4

Committed employees in safe workplaces

contribute to the development of a profitable and sustainable company while at same time strengthening collaboration, competence, equality, safety and the working environment

5

Doing business responsibly

reinforces trust in the company among all its stakeholders, encourages ethical conduct and lays the foundation for positive development at BillerudKorsnäs

6

Active role in community

make a positive contribution to economic, environmental and social development of local communities and the wider world

1 Functional and resource-efficient packaging solutions

BillerudKorsnäs' packaging solutions embrace **resource efficiency on several levels**. The industrial processes are highly energy-efficient and raw material waste is kept to a minimum, with by-products recycled, refined or used for energy recovery. Softwood fibre makes the material strong and thin. This keeps consumption of resources low in product manufacture and cuts fuel consumption in the distribution chain to customers.

Customers, converters and brand owners alike work with BillerudKorsnäs Solution Services on new innovative functions that are important to the long-term development of the company and that of its customers.

LEADERS IN INNOVATION

BillerudKorsnäs strives to be a leader in the packaging industry when it comes to innovation. A high level of innovation improves the functionality of customers' packaging, supports economic development and has many positive environmental impacts. The company is focused on developing new materials and solutions that make for smarter products and new business opportunities. BillerudKorsnäs challenges conventional packaging for a sustainable future.

The company's development work is geared towards materials and solutions for smarter packaging that protects goods and increases brand exposure with excellent environmental performance. One example of this is Tetra Recart, capable of replacing today's tin cans and glass jars. Another example is FibreForm®, a unique material that allows packaging to be shaped in completely new ways, making it capable of replacing plastic also in terms of design.

FINANCIAL AND ENVIRONMENTAL BENEFITS

For BillerudKorsnäs, resource efficiency, e.g. minimal consumption of materials, is important for financial and environmental reasons. The company's materials are also often used for food packaging. The Food and Agriculture Organization of the United Nations (FAO) states that in regions with medium and high incomes food waste in the retail and consumption parts of the food chain accounts

Tetra Recart

BillerudKorsnäs and Tetra Pak have jointly developed a liquid packaging board that stands up to sterilisation and is also tailored to suit the customer's process and filling machines. This packaging board was the first to challenge tin cans and glass jars. The contents are autoclaved with steam at a temperature of 125°C and can then be stored for up to 24 months. As long as the packaging remains unopened, it does not require refrigeration. Today Tetra Recart is used in 40 countries around the world by over 125 brands and 700 products.



FibreForm®

BillerudKorsnäs FibreForm® is an example of a packaging material with the same properties and applications as plastic. The material runs well in machines that have previously used plastic materials for press forming. Newer thermal treatment techniques can also be used. Compared with a plastic tray, for food such as ham, one customer's analysis shows that a tray made from FibreForm can produce considerably lower CO₂ emissions. In 2014 BillerudKorsnäs will have new, external, independent analyses carried out and here sees major opportunities to replace the material in plastic packaging with renewable paper-based material.





for 31–39% of all food waste¹. BillerudKorsnäs is behind a number of smart, functional packaging solutions that protect goods throughout the distribution chain. Solutions like these can help to reduce waste and to ensure that the resources used in the food production are not consumed unnecessarily. Light packaging that can be stacked efficiently cuts fuel consumption and transport costs. The fibres in the packaging made from paper can be recycled 5–6 times. After that energy recovery sees them used to replace fossil-based fuel, thus being efficiently used throughout their life cycle.

IN PACE WITH SOCIETY DEVELOPMENT

In several countries, legislation on the use of various forms of plastic is being tightened up, paving the way for renewable alternatives. Within the EU, initiatives are being taken to stimulate the growth of bio-based products² and to phase out fossil-based ones. Life cycle analyses (LCA) show that liquid packaging board, for example, offers significant advantages over both plastic and glass in terms of fossil CO₂ emissions, fossil resource extraction and energy consumption³.

Because BillerudKorsnäs’ packaging material is based on renewable wood raw materials and offers documented good environmental performance, the company’s products are ideally placed to be part of the solution as society makes the transition from fossil to bio-based materials.

LIFE CYCLE PERSPECTIVE

BillerudKorsnäs seeks to evaluate the resource efficiency and environmental performance of its products using life cycle analysis. This is carried out according to recognised standards (ISO) to accurately calculate performance. One example of this is the Environmental Product Declarations that the company had drawn up in 2013 (page 21) in line with the international EPD system (www.environdec.com).

Food waste a huge challenge

It is estimated that globally a third of food is wasted in the entire chain from production to consumption. The food that is not eaten has consumed enormous amount of natural resources and caused 3.3 billion tonnes of fossil CO₂ emissions a year, almost equivalent to the emissions of the whole of the US. The land used for this waste is equivalent to 30% of the world’s agricultural land, which means that the lost production has a major impact on water use and the loss of biodiversity.¹ It is thus a huge challenge for the world to improve all the components of this chain.



Packaging 2% of the total impact

BillerudKorsnäs is committed to further reducing the impact arising in the production and distribution chain for packaging material. Today packaging, depending on what it is filled with, often accounts for a very small proportion of a product’s total environmental and climate impact. The Swedish National Food Agency’s report 18-2011 shows that during its life cycle milk packaging made of paperboard only accounts for 2% of the CO₂ emissions caused by the milk and the packaging together. A thesis completed at the Swedish University of Agricultural Sciences, in partnership with BillerudKorsnäs⁴, draws a similar conclusion – that packaging’s proportion amounts to only 2%.

Environmental benefits at every stage

The Swiss company SIG Combibloc, one of the world’s leading manufacturers of packaging solutions for the food industry, has had a life cycle analysis⁵ carried out to compare liquid packaging board for UHT milk with PET and HDPE plastic bottles. The aim was to determine which packaging has the lowest environmental impact and consumes the least resources. It was found that the result depended on the material used to produce the packaging and the amount of material used. Liquid packaging board performs better than the other packaging options on all values measured. BillerudKorsnäs is a supplier of liquid packaging board to SIG.

This is how much lower the impact of liquid packaging board is compared with:

	CO ₂ emissions	Fossil resources	Primary energy
PET bottle	-45%	-57%	-36%
HDPE bottle	-34%	-56%	-30%

1 FAO (UN Food and Agricultural Organization), Food Wastage Footprint: Impacts on Natural Resources. 2013. 2 <http://ec.europa.eu/enterprise/policies/innovation/policy/lead-market-initiative/biobased-products/> 3 Comparative life cycle assessment of packaging systems for noncarbonated soft drinks. IFEU 2011. 4 Förpackningens roll för klimatpåverkan och energianvändningen i livscykeln för mjölk (The role of packaging in climate impact and energy use in the life cycle of milk), My Bodö 2009, Swedish University of Agricultural Sciences, SLU. 5 Comparative Life Cycle Assessment of packaging systems for UHT milk on the European market’, conducted by the Institute for Energy and Environmental Research (IFEU) Heidelberg in 2012.



Up to 30% saving in materials with the QuickFill® concept

BillerudKorsnäs' QuickFill® concept offers an improved function with less material compared to conventional sacks. The solution means a smaller amount of paper but a stronger and cleaner sack. The end result weighs less, fills more quickly and

more precisely and is also easier to handle during transport. Less dust is spread during filling, benefitting the work environment. QuickFill packaging can replace three-layer sacks with two-layer sacks, which means a material saving of up to 30%.



- Same strength with better filling performance
- Compact sacks are easy to handle
- A cleaner product means higher sales
- Less materials
- Cleaner work environment

20% reduction in weight with the SoliQ™ Air concept

Today international trade in flowers is a market judged to turn over hundreds of billions of kronor a year. BillerudKorsnäs' SoliQ Air paper-board concept means the weight of the final packaging, according to the company's comparisons, can be cut by up to 20% compared with traditional packaging solutions. This is mainly explained by the fact that the material, based on primary fibre, can be made strong and light. Consequently, it can be adapted to the stresses placed upon it in the logistics chain, providing a lower freight weight with considerable savings as a result.



2 Renewable raw materials from sustainable forestry

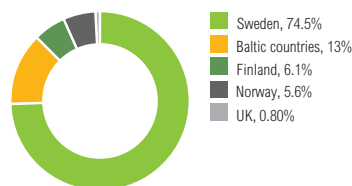


BillerudKorsnäs' wood raw material must come from sustainably¹ managed forests. Sustainability means meeting demand for diversified and **economic forest production**. However, it also involves extensive work to **support and develop natural values** and to ensure that the **social values** of the forest can be widely enjoyed. In 2013 the company purchased approximately 75% of its wood raw materials from Sweden and the rest from nearby countries. The guidelines state that all timber must come from forest certified under FSC® or PEFC™ or from a controlled origin in line with the traceability certification FSC® Chain of Custody/Controlled Wood.

ORGANISATION AND TIMBER CONSUMPTION

BillerudKorsnäs owns no significant forest assets and instead buys in wood raw material mainly within Sweden. The company's southernmost forest organisation is in Katrineholm and the northernmost in Karlsborgsverken. In 2013 own harvesting of purchased felling rights amounted to just under 1 600 sites over a total of more than 15 000 ha spread across approximately half of Sweden. Total timber consumption within the company amounted to just over 9.4 million m³ sub (solid under bark). Because some of the timber is sold on to sawmills or other forest industries, the total amount purchased was even higher. Imports were primarily of birch wood from the Baltic countries through the subsidiary BillerudKorsnäs Latvia SIA, which also carried out a large amount of harvesting in Latvia in 2013, approximately 900 sites.

TIMBER PURCHASING 2013*



* Including a marginal quantity from Russia and 0.8% from Belarus transited via the Baltic countries.

RESPONSIBILITY FOR TIMBER SUPPLY

The basis for sustainable forestry is the Swedish Forestry Act, which sets out the ways in which forest production, nature conservation, cultural heritage preservation and reindeer husbandry must be taken into consideration. BillerudKorsnäs guarantees responsible origins for all timber purchasing, backed by a management system with targets, policies and guidelines. For imports this work is reinforced through the presence of a subsidiary in the Baltic countries. The Timber purchasing guidelines (page 27) state that all wood raw materials must comply with the criteria of traceability certification and must not come from harvesting sites that are illegal, a major natural values or in areas of social conflict, for example. The requirement of legality in accordance with the EU's Timber Regulation is also complied with in the purchasing process, partly by gathering information and through risk analysis. A large proportion of the timber purchased also comes from certified forest land, which means that actions carried out are reviewed by an external, independent auditing

company. BillerudKorsnäs took part in the revision of the FSC® Chain of Custody standard in 2013.

PROTECTING BIODIVERSITY

To protect biodiversity in active forestry, particular forest with high natural assets, such as key biotopes, is protected from harvesting. In Sweden there are 23 million ha of productive forest land, more than 3 million ha of which² is forest formally protected by the state or voluntarily through certification. These areas of protected forest are spread across the whole country and border other forests with their specific management objectives. For this reason, the border conditions are impossible to quantify but demand careful planning work, as described in the following section. BillerudKorsnäs has agreements with Bergvik Skog and private forest owners in Sweden to manage their forest land. Besides land for active forestry, this management covers a total of just under 27 400 ha of forest land set aside for nature conservation purposes. [EN11]*

High natural values can also be found in cultivated

Countries with harvesting activity	Number of sites harvested	Area harvested	Area of protected managed sites
Sweden	1 574	15 250 ha	27 352 ha
Latvia	892	3 200 ha	0

* In accordance with the criteria for GRI indicator EN11 we can state that our own harvesting activities took place within purchased harvesting rights in Sweden and Latvia in a total of 2 463 locations with a total area of 18 450 ha during 2013. All harvesting activities concerned land use and land-based ecosystems for extracting wood raw materials above ground. The area of voluntarily protected sites under contracted management in Sweden concerned high conservation values in line with the landowner's forestry certification. Occurring protected sites in surrounding areas were National parks, Nature reserves, Conservation areas or Forest habitat protection areas.

1 Notice no. 5/2007, Swedish Forest Agency; FOREST EUROPE (The Ministerial Conference on the Protection of Forests in Europe) <http://www.foresteurope.org/>. 2 Statistical Yearbook of Forestry 2013

forest and these may border other sites, which means that particular consideration must be taken. Through a system of natural value assessment before harvesting, BillerudKorsnäs continually works to identify forests, sub-areas and smaller biotopes whose natural values are so high that they should not be harvested. The company also works to apply care and consideration in general in all its activities in the forest. This involves creating natural values (e.g. dead timber in the form of tall stumps) and leaving particular sites (e.g. dead timber, large trees and certain deciduous trees) or sub-areas (e.g. marshy sections and zones close to rivers) alone during harvesting to protect sensitive environments.

Forestry employees are trained in nature conservation to avoid felling in areas worthy of protection. Planning specialists prepare the harvesting sites and mark points in the forest where particular care must be taken. Forestry contractors are given further training by the company where necessary. Requirements regarding the skill of contractors, however, are primarily covered by the contractors having to be PEFC-certified, because this system incorporates a standard for forestry contractors. This ensures that the work of contractors is checked both through internal audit and internal monitoring, after which corrections are made where necessary.

In the event of harvesting in or in the vicinity of a Natura 2000 area and when key biotopes are to be defined, the authorities are consulted. Before work begins in an area, the species database ArtDatabanken is checked to see whether it might be home to threatened species. BillerudKorsnäs also uses geographical information systems (GIS) with detailed information about the forests and the authorities' maps and databases to check which areas are to be protected.

1 www.swedishepa.se

2 Life cycle assessment of BillerudKorsnäs' virgin fibre-based packaging materials 2013, Kristian Jelse et al, IVL Swedish Environmental Research Institute.

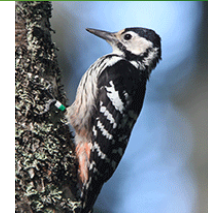
FORESTS WITH HIGH GROWTH BIND MORE CO₂

Active forestry means that high growth can be maintained over a long period, so that the forest can bind more carbon dioxide. This means that forests fulfil a very important function in contributing towards reducing the greenhouse effect. In its annual reporting to the UN on emissions of greenhouse gases, the Swedish Environmental Protection Agency showed that the forest's net binding of carbon dioxide was greater than half of all the emissions in Sweden¹. IVL Swedish Environmental Research Institute², calculated that emissions of fossil carbon dioxide from BillerudKorsnäs' industrial production were less than the net binding in the Swedish forest regions where harvesting or timber purchasing takes place. However, this does not change the fact that BillerudKorsnäs is entirely concentrating its measures on improving its own processes and the emissions that these give rise to.

FORESTS FOR EVERYONE

BillerudKorsnäs is in close contact with local residents, property owners and reindeer owners. These groups span a range of alternative interests in the forest, such as recreation, leisure, hunting, local businesses and reindeer husbandry. When harvesting in forests close to densely populated areas, local residents are invited for their opinion on the plans. In areas with sensitive natural values or local businesses, formal consultation may be required. Every year meetings are held with reindeer owners to discuss plans for forestry where reindeer husbandry may be affected. BillerudKorsnäs informs students and customers about how different interests are balanced, for example through talks and excursions.

Adapting forest management helps the white-backed woodpecker



To protect the endangered white-backed woodpecker in Sweden, a collaboration has been launched between the Swedish Environmental Protection Agency, the Swedish Forest Agency, landowners and the Swedish Society for Nature Conservation. The aim is to create large areas with a large amount of living and dead deciduous wood where the white-backed woodpecker thrives. Two areas on Bergvik Skog's land have been designated where BillerudKorsnäs has been commissioned to specifically adapted forest management.

Improved method reduces damage to land

BillerudKorsnäs is focusing on training its employees and contractors on the forestry side in correct regenerative felling techniques. Known as "Risa-rätt", the method seeks to minimise damage to land, reduce wear on machinery and improve the work environment. Damage to land is a problem that otherwise risks increasing as the winter climate becomes warmer. The best route to a harvesting site must therefore be well planned and prepared by laying waste wood products.



FSC® is an independent membership-based organisation that promotes environmentally appropriate, socially beneficial and economically viable use of the world's forests. FSC is an abbreviation for the Forest Stewardship Council®. (<https://ic.fsc.org>)

The mark of responsible forestry



The Programme for the Endorsement of Forest Certification schemes, PEFC™, is an international system for sustainable forestry. Swedish PEFC covers standards for forestry, contractors and timber traceability. (www.pefc.se)

3 Environmentally adapted production

For many years the production of the Swedish forest industry has been strictly regulated by the Environmental Code and other legislation. The authorities carry out ongoing checks to ensure that the criteria for production permits are met. Environmental adaption is a strategy for BillerudKorsnäs and emissions to air and water have been successively cut. Major, energy-related investments and efficiency improvements mean that the company is now close to attaining its vision of completely phasing out the fossil fuels used in industrial production now that **97% of its fuel is bioenergy**. Investments will be made in water and air purification in the years ahead.



ENVIRONMENTAL MANAGEMENT

Efforts to benefit the environment are founded on environment managers and equivalent responsible staff at the plants checking that environmental legislation and production conditions are complied with. The eco-awareness that BillerudKorsnäs works with in its own operations and contributes towards in the value chain seeks to add value to products from renewable raw materials and improve the businesses' results. For this reason, the aspects reported regarding materials and the use of materials, energy consumption, water consumption, biodiversity, emissions to air and water, transport and products and services are important to the company.

BillerudKorsnäs' Operational policy (<http://billerudkorsnas.com/en/sustainability>) states that BillerudKorsnäs maintains a holistic view of its operations and strives to "consider all operations from an ecocycle perspective, from raw material to finished product so that environmental impact can be minimised at all stages." Operationally, work on improvements is headed by the managers responsible, supported by specialists and systems which are checked by internal auditors and an independent party in line with the company's ISO 14001 and ISO 9001 certification. Identified environmental aspects are summarised on an annual basis and decisions are made on action plans for improvement at the management review. No decisions to change procedures were made during 2013 but a coordination group was launched to develop ways of working with the management systems in the future.

The most important aspects, such as energy intensity, biodiversity/forest certification and emissions of fossil carbon

dioxide from production and transport are included in the sustainability targets and have demonstrated positive development since the previous report (page 10). Environmental performance is monitored at the plants and statistics are kept on an ongoing basis and summed up for the company as a whole (page 35). During the year a network of the company's staff responsible for environmental issues and energy controllers has drawn up a joint reporting model, coordinated by a central sustainability developer.

NEW LEGAL REQUIREMENTS

The EU's Industrial Emissions Directive, which was transposed into Swedish law in 2013, will introduce stricter limits on emissions to water and air. The European Commission is expected to reach a decision on the forest industry during 2014, setting out criteria which must then be met within four years. BillerudKorsnäs is already developing strategies to meet these criteria, which may involve new investments.

LOWER EMISSIONS TO AIR

BillerudKorsnäs' operations cause emissions to air of carbon dioxide, nitrogen oxides, sulphur dioxides and dust, which are regulated in its production permits. Emissions will continue to fall, e.g. regarding fossil carbon dioxide, due to use of a larger proportion of biofuel. The biofuel boiler with a back-pressure turbine to generate electricity, which was commissioned in early 2012 at the plant in Gävle, completed its first full year of operation in 2013. This led to a cut in fossil carbon dioxide emissions of 53 000 tonnes, equivalent

to 85% compared with the previous year [EN19].

During 2013 the company completed its work on the SEK 900 million investment at Skärblacka known as "Recovery 2012". The investment comprises a new evaporation plant, an upgraded flue gas cleaning system and a redeveloped recovery boiler. Besides environmental improvements, it also improves energy efficiency and offers opportunities to increase production in the future. A major reduction in dust emissions has been measured since the investment at Skärblacka was taken into operation during the year.

During 2013 a lean gas system was installed at Karlsborg to deal with malodorous sulphur compounds and incinerate them in the recovery boiler. This also enabled the company to address the views of local residents regarding these emissions. From 2014 onwards it is estimated that sulphur emissions will be halved, a reduction of more than 70 tonnes a year.

SALES OF EMISSION RIGHTS FOR CO₂

BillerudKorsnäs is covered by the European Union Emission Trading Scheme (ETS) 2013–2020. Thanks to its low emissions, the company received a higher allocation of emission rights than that necessary to meet its own needs. This means that BillerudKorsnäs will be able to sell emission rights throughout the trading period. Total fossil carbon dioxide emissions for 2013 amounted to 105 000 tonnes in the company's own operations, within the emission trading scheme's cap.

EMISSIONS TO WATER

The production plants are located close to watercourses as large amounts of water are required in production processes, and for cooling. Because Sweden is rich in natural watercourses, the facilities are able to use surface water. The process water is cleaned in biopurification plants and returned to the water source or the vicinity of the water source from which it was taken. Emissions from processes are checked to ensure that the limits set out in permits are not exceeded. During the year such major improvements were attained at the plant in Gävle that emissions of wastewater for cleaning were cut by over 30% (20 million m³) and emissions of organic material (COD) to the recipient water body were cut by 25% (2 800 tonnes) [EN27]. Additional measures are being investigated to achieve the limit values set by the Environmental Court of Appeal. Besides investments in new process stages, training and developing working processes on the ground at plants are also important measures in achieving this target.

Although water is plentiful in Sweden, water resource management is a vital global issue, including for customers. In collaboration with WWF, within the Alliance for Beverage Cartons and the Environment (ACE) BillerudKorsnäs is helping to develop the web-based analysis tool WWF Water Risk Filter, which will enable analysis of water use and inform impact reduction strategies. ACE also produced a water management brochure, addressing water consumption and water treatment in producing liquid packaging board (www.beveragecarton.eu).

SAFETY WHEN HANDLING CHEMICALS

Chemicals are important inputs in the pulp manufacturing process. Chemicals purchased in large volumes include sodium hydroxide, sulphuric acid and sodium chlorate. The chemicals are recycled in closed processes during the cooking process. The pulp bleaching process partly uses renewable chemicals, such as oxygen. In addition to these, many other chemical products are used, for example to obtain the correct properties for paper and paperboard products.

BillerudKorsnäs works preventively to minimise the risk of accidents. Chemical handling is based on the criteria in current legislation regarding risk analysis, safety reporting and procedures to protect the environment, local residents and employees. Special procedures also ensure that the criteria regarding safe products are met. There are chemicals groups at the plants which check all chemicals regarding health, the working environment, the environment and product safety.

INCREASING DEMANDS ON TRANSPORT

The company's operations involve large-scale transport, giving rise to emissions of fossil carbon dioxide and substances such as NO_x, SO_x

and particulates. To reduce average transport distances for timber trailers, exchanges are often agreed between forest companies. BillerudKorsnäs also seeks to encourage its transporters to minimise empty journeys by making better use of return transport. The company is now launching a joint initiative with transporters to minimise emissions from timber vehicles. A new pricing system was introduced in order to avoid truck loads exceeding the legislative limits. The aim is also to increase transport by rail to plants as this has a major impact on cutting emissions. BillerudKorsnäs was awarded Green Cargo's climate certificate in 2013 as the company's total transport of wood chips in Sweden by rail, carried out by Green Cargo during 2012, had a climate impact of less than 10 grammes of carbon dioxide per net tonne-kilometre. This concerned transport on trains powered by electricity from hydro power. Wood raw materials are largely imported by ship.

Transport of the end product is primarily by rail and by sea to transhipment points for road transport on the final stretch to the customer. Within the Nordic countries, however transport is predominantly by road from the plants. The principle is to prioritise transport solutions with low emissions where the opportunity is available. When procuring new transport, all contractors are required to produce documentation of their environmental impact. In a three years period the Supply Chain Department audits all significant transport providers regarding environmental and social aspects. Emissions of fossil carbon dioxide are also analysed every year and monitored against the sustainability target and the target set for reducing fossil carbon dioxide emissions in the industry as a whole by 2020 (www.skogsindustrierna.org). Employee transport is monitored using calculation procedures at travel agencies employed (page 35).

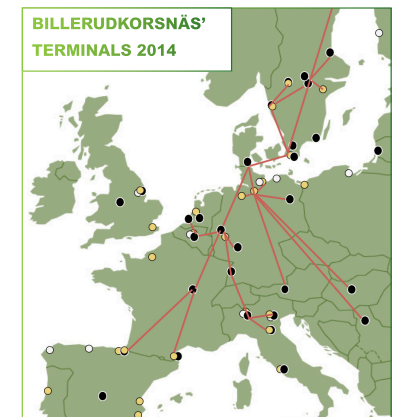
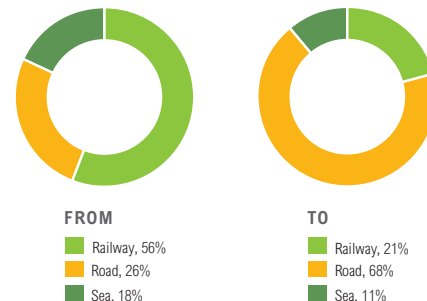


Rail transport for rational logistics

BillerudKorsnäs' transport of products to customers in Europe predominantly uses the Rail 11 system. The system is developed by the company Scandfibre Logistics AB (www.scandfibre.se), part-owned by BillerudKorsnäs, and is based on large transport volumes of paper products from Scandinavia.

The deliveries are constantly monitored by an advanced IT system. To optimise the system, it is also used for return transport from continental Europe back to Sweden.

TYPE OF TRANSPORT FROM/TO PRODUCTION PLANTS



Energy efficiency

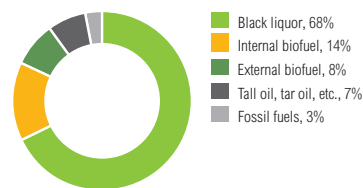
Energy supply and use are crucial to BillerudKorsnäs' operations at the production plants. Steam and electricity are used to cook wood chips to create paper pulp, as well as in the bleaching process and paper machines. The need for steam is largely met by using biofuel. This comes primarily from the black liquor, bark and wood residues from the debarking plant, plus material bought in from forestry. A large amount of resources is put into **improving the efficiency and increasing the generation of electricity** at the plants.



INCREASING ENERGY EFFICIENCY

Energy is a major cost for BillerudKorsnäs. The Swedish production plants have energy management systems under ISO 50001 or EN 16000 and work with an Energy Efficiency Programme (PFE) to reduce energy consumption and costs. In 2013 total consumption, including electrical energy bought in, amounted to 55 566 TJ. Energy efficiency was thus 4.95 MWh/tonne of product, and 5.6 MW/tonne calculated for paperboard, paper and pulp, a reduction of over 10% compared with the previous year. The target for 2014 is to reduce energy consumption per tonne of product by a further approximately 2% and to draw up a joint target for the longer term. The investments recently made in the evaporation plant and recovery boiler at Skärblacksa will mean positive results for energy consumption in the years ahead.

DISTRIBUTION OF FUEL CONSUMPTION 2013



External biofuel is purchased bark, wood residues, etc. Internal biofuel is mainly bark from the debarking plant (where the bark is removed before logs are chopped into wood chips for the cooking process).

MINIMAL PROPORTION OF FOSSIL FUEL

BillerudKorsnäs' vision is to phase out fossil fuels from its production. The results for 2013 clearly show that the

company is nearing this vision, as only 3% of fuel was fossil fuel. Consumption of biofuel was distributed as follows: 68% black liquor, 14% bark and wood residues from internal wood handling, 8% purchased biofuel and 7% tar oil, etc. The plants in which pulp manufacturing is integrated with paper, paperboard and pulp manufacture are thus not far off being fossil free already. Today a large proportion of the remaining fossil fuel consumption concerns starting and stopping machinery and disruptions at the plants. The electrical energy bought in is mainly fossil free in origin, but a small proportion is purchased from the electricity market to cover peak requirements, and this proportion would in an expanded calculation (Scope 2) increase the amount of fossil carbon dioxide in the company's emissions.

The low proportion of fossil fuel means that emissions of fossil carbon dioxide in 2013 were in total approximately 34 kg per tonne of product and approximately 39 kg calculated for paperboard, paper and pulp. No deductions have been made in these calculations for emission rights allocations.

SELF-GENERATION OF ELECTRICITY CONTINUES TO RISE

Over a number of years BillerudKorsnäs has invested in the production plants to increase the proportion of self-generated electricity. This involves major investments in fuel boilers and electric turbines. In 2013 self-generated electricity production amounted to 1 381 GWh. This was equivalent to 0.44 MWh/tonne of product, including pellets, and 0.51 MWh/tonne paperboard, paper and pulp. The self-sufficiency rate for electricity was thus higher than the previous year. The increase was primarily due to the commissioning of the new turbine at Bomhus Energi in Gävle. A further increase is expected once the plant has been run in during 2014.

EXTENSIVE USE OF BIOFUEL

The large-scale and increasing use of biofuel is dominated by black liquor, which comprises lignin and other wood residues that are not used in the industrial process. Here only the cellulose part is used for packaging material. In addition, internally produced biofuel such as bark and wood residues from the debarking plant are also used. Other bio-based residues, including tar oil, which is a residue from the distillation of the by-product tall oil, are also used in certain industrial processes. Forest fuel, largely branches and tops, is used to an increasing extent and is collected after felling as an important energy boost for the production plants.

BillerudKorsnäs also has an expanding production of wood pellets for energy purposes in its subsidiary Latgran SIA in Latvia. Three production plants are currently in operation. The company produces energy pellets from forest raw material, which are then sold on to generate electricity in large-scale power stations and for a combination of heating and electricity in CHP plants. Energy pellets are also sold to small, local consumers such as schools and industries. BillerudKorsnäs is one of the larger timber purchasers in Latvia, facilitating significant synergies between the businesses.

LOCAL DISTRICT HEATING PRODUCER

At several plants BillerudKorsnäs provides the local district heating network with surplus heat. In Gävle, Bomhus Energi AB, a company jointly owned with the municipality, contributed approximately 63% of total energy supplies to the city's district heating network. In Frövi the surplus heat provided accounted for approximately 90% of the district heating needs of Lindesberg municipality. In total the production plants contributed 2 913 TJ (809 GWh) of district heating, equivalent in total to heating approximately 40 000 detached homes.

Production in four countries

BillerudKorsnäs manufactures paper and paperboard at eight plants. Five of these are in Sweden (Gävle, Gruvön, Frövi/Rockhammar, Skärblacka and Karlsborg), two in Finland (Pietarsaari and Tervasaari) and one in the UK (Beetham). There are also three production plants for wood pellets in Latvia (subsidiary Latgran). The business has its head office in Stockholm.



SWEDEN

1. Stockholm (head office)
2. Gävle, 700 ktonnes
3. Gruvön, 685 ktonnes
4. Frövi/Rockhammar, 450 ktonnes
5. Skärblacka, 400 ktonnes
6. Karlsborg, 300 ktonnes

FINLAND

7. Pietarsaari, 200 ktonnes
8. Tervasaari, 100 ktonnes

UK

9. Beetham, 45 ktonnes

LATVIA

10. Latgran, 430 ktonnes
Jaunjelgava,
Jekabpils,
Kraslava



Production capacity.

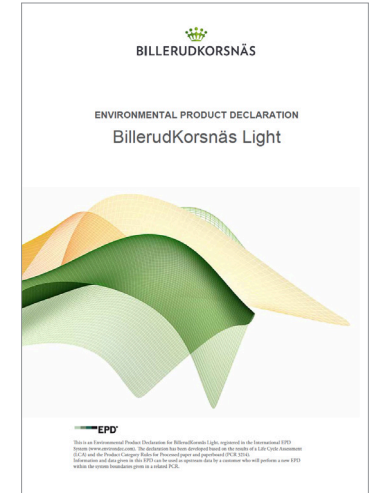
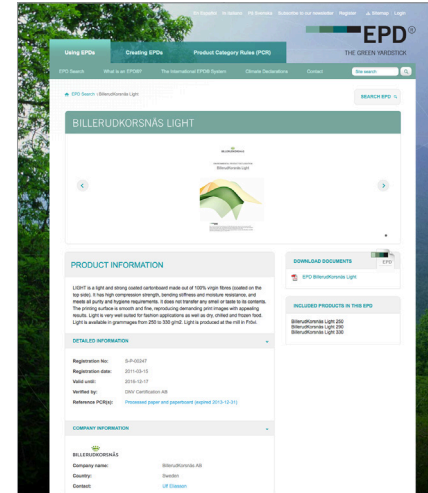
Environmental Product Declarations

EXTERNALLY VERIFIED

In 2013 BillerudKorsnäs produced externally verified Environmental Product Declarations for 10 products in line with the international EPD system. These report significant environmental impacts, including resource and energy use. Their purpose is partly to facilitate comparison of the environmental impact of different products, something that customers are increasingly demanding. The declarations are based on standardised reporting and life cycle analysis in line with ISO 14025 and ISO 14044. This means that environmental impact is accounted for at every stage from extraction of the raw material until the material is delivered to the customer and the packaging wrapper has been disposed of. For BillerudKorsnäs Light emissions of fossil carbon dioxide fell by approximately 10% throughout the chain [EN 19], between 2008 and 2012. The Environmental Product Declarations were published on the website of the Swedish Environmental Management Council, www.environdec.com. The declarations cover cartonboard and liner products plus certain liquid paperboard products from BillerudKorsnäs.

BENEFITS FOR CUSTOMERS

- Transparent information on environmental impact.
- Standardised information from a life cycle perspective.
- Ability to compare Billerud Korsnäs products with others.
- Trustworthy information audited by a third party.
- Updated in the event of major changes.
- Useful in describing and evaluating environmental performance throughout the supply chain.

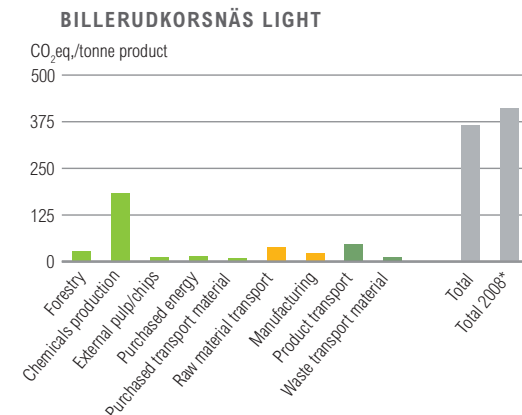


EPD sets out environmental impact **BillerudKorsnäs Light**

The diagram shows the emissions of greenhouse gases caused by the various stages in the life cycle of the paperboard material BillerudKorsnäs Light.

One important conclusion is that the production of the chemicals accounts for the largest proportion of emissions, which will lead to continued enquiries and involvement in the supply chain on the part of BillerudKorsnäs in the years ahead. For transport to industry, own industrial production and distribution of products, it is also clear that continued efforts are important to reduce emissions that impact on the climate.

BillerudKorsnäs Light is ideal for use in packaging luxury articles as well as dry, chilled and frozen food.



4

Committed employees in safe workplaces

The **motivation, skills and wellbeing of employees are crucial to BillerudKorsnäs' ability to deliver customer benefit.** For this reason the company works actively on several levels to create an attractive workplace and an innovative environment. Employees are encouraged to systematically develop operations, with methods in place for ongoing improvements. Several programmes are run for skills development, organised performance reviews are held with managers, and investments are made to improve safety.

CORE VALUES:

Think new
 Cooperate
 Feel responsibility
 Create value

INTEGRATION

During the year the major focus was on integration, creating a new organisation and a brand platform with associated values. Much work was put into designing and introducing common, efficient processes. A department was temporarily set up to monitor and steer the integration process. Many other employees were also closely involved and enabled the company to announce at the end of 2013 that integration had proceeded considerably more quickly than planned one year earlier.

GUIDED BY OPERATIONAL POLICY AND VALUES

As part of the Operational policy, in 2013 the management set out new core values for BillerudKorsnäs which will characterise our relationship with each other and the world around us. The policy also states that the company strives to “maintain leadership that generates commitment and involvement among everyone in the operations. Employees’ expertise is nurtured and developed in a learning organisation that safeguards employees’ health, safety and job satisfaction.” This is the starting point for development work, as committed

employees in safe workplaces are central. To guide this work, the HR unit draws up annual operational plans with activities, targets and monitoring, covering all relevant aspects related to human resources, including those set out here (page 45-48) as important for working conditions, human rights and society. Overall decisions are generally taken by the company’s senior management team, as for this area were to carry out a staff survey and to start a trainee program during 2014.

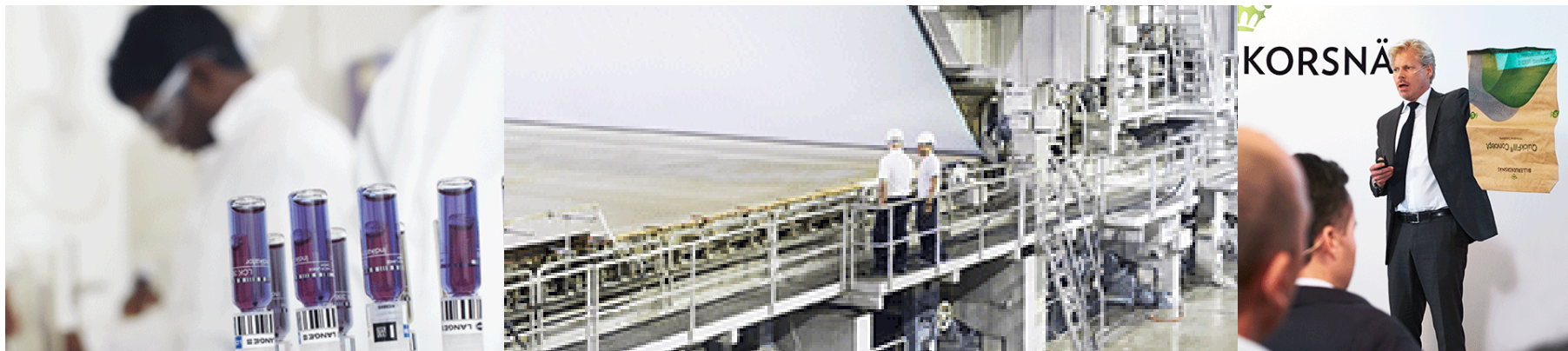
A SAFE WORKPLACE

Safety is in focus to ensure that employees at BillerudKorsnäs are not exposed to risks, injured or potentially forced to take sick leave due to accidents in the workplace. Relevant functions are therefore trained in safety behaviour. All the company’s plants outside Sweden are certified in line with OHSAS 18001. In the Swedish plants, management governance procedures are integrated in the business systems. Procedures and easy-to-use systems are in place for risk analysis, incident reporting and follow-up. Every month statistics are compiled on work-related accidents, sick leave and incidents and are communicated in the company, providing good oversight of

developments and any need for measures to be taken. If accidents or other major work-related problems arise, early and active rehabilitation work can prevent long-term sick leave. Rehabilitation programmes which may involve modifying duties in the workplace, aids, training and other rehabilitation support are then applied. [LA6]

The company has a zero vision for work-related accidents that lead to sick leave. The number of such accidents was lower in 2013 than in the previous year and exactly met the target. At the same time incident reporting increased, which is a good sign of the level of awareness regarding continued





work on safety. In order to promote continuous improvement and a shared approach to health and safety, Group-wide health and safety seminars are planned, starting in 2014. Here employees and employers will be given an opportunity to discuss current issues in more depth.

Work on health and safety is largely about cooperation. In 2013 89% of all employees were covered by cooperation in some form of formal grouping, such as collaboration councils, safety committees or safety groups, involving employees as well as management [LA5]. Health promotion initiatives also contribute towards safer workplaces and employees are offered the opportunity to take part in fitness activities.

SKILLS DEVELOPMENT

Leadership academy spanning all countries

The purpose of the leadership academy is to give all managers, whatever their experience and period of service, an opportunity to develop their leadership for future roles at BillerudKorsnäs. The company's values and business needs are the basis of leadership and are thus taken as a starting point by the academy.

Introduction for new employees

In 2013 a new e-training course was designed to give new employees a picture of BillerudKorsnäs' markets and products, organisation, health and safety and sustainability issues. Great emphasis was placed on customers and markets. The training course may also be of interest to people who have already been employed at the company for some time. The training course clearly sets out BillerudKorsnäs' values and what the

company stands for, wherever the employee may be located worldwide.

MORE COMPETITIVE

BillerudKorsnäs' work to constantly improve must be carried out methodically to develop skills and improve competitiveness. Employees are involved in influencing ways of working, so actively contributing towards the company's results. The purpose is to eliminate wasted time and materials, which do not add value for customers or otherwise improve the efficiency of processes. It has been found that good, methodical work to improve often results in changed working methods and higher quality.

PERFORMANCE MANAGEMENT

A Group-wide Performance Management process was developed during the year. The target for 2014 is for 100% of employees to have had a performance review with their immediate superior. The results of the reviews are individual development plans, which give the employee a clear picture of their development needs and their short and long-term goals. The method is based on employees and managers each assessing each other's performance over the past year. In 2013 80.5% of employees took part in a performance review. [LA11]

INCREASED EFFORTS ON DIVERSITY

In line with the Code of Conduct, no discrimination is permitted in BillerudKorsnäs' activities. Equal treatment is fundamental to the company, where no discrimination

may be made on grounds such as religious belief, sex, sexual orientation, ethnicity, disability, skin colour or age. To ensure that the company's work on diversity issues is well co-ordinated and managed, a diversity group was set up in 2013. The group serves as a complement to the local equal opportunities committees.

The target of increasing the number of female employees and managers in 2013 was reached, with results being 18% and 20.4% respectively (page 31). Changes take time in an industrial sector in which women have historically accounted for only a small proportion of employees, but the aim is clearly set out in the sustainability targets and sights are now set on improving gender equality. In management teams and the Board of Directors, the proportion of women was 30.2% out of 96 and 25% out of 12 board members, respectively. [LA12]

EQUAL PAY

According to the pay policy (page 27) there are to be no discriminatory differences in pay at BillerudKorsnäs. In line with legislation, pay surveys are carried out by the management and specialists at the Swedish plants at least every three years, in partnership with the unions. If the analyses demonstrate unjustified differences, levels of pay are corrected. No surveys were carried out in 2013, but the most recent surveys can be said to have worked well and fulfilled their purpose in that they led to pay reviews in a few individual cases.

One difficulty in surveying pay is creating fair comparisons since one plant alone may involve far more than 100 different types of posts and in many of these women are also



Neighbours of a production facility and those directly affected by forestry are invited to submit their opinions on operations or on planned measures.

very poorly represented. For this reason, surveys are carried out in the company such that occupational categories considered to correspond to each other on the criteria of expertise, problem-solving, responsibility and working conditions, are placed in the same comparison group. This kind of work evaluation system (BAS) was drawn up by the Equality Ombudsman and has been used in some of the surveys. As the statistics show (page 36) women on average had higher pay than men in three out of the four surveys. In the comparison groups in which both sexes were equally represented, the difference in the majority of cases was not more than approximately 2% between the sexes. [LA13]

ATTRACTIVE EMPLOYER

BillerudKorsnäs strives to maintain close contact with the education system, from compulsory school up to university. Every year new prioritisation plans are drawn up for where the company's focus will lie. Extensive work both locally and centrally includes school visits, degree project placements, and participation in fairs and industry evenings. The company's involvement in social media has also been prioritised. In 2013 BillerudKorsnäs was ranked by engineering students as a "rocket", which was a considerable improvement on the previous year.

INTERNAL WHISTLEBLOWER SYSTEM

To ensure that the company's Code of Conduct is complied with, employees are encouraged to report misconduct or deviation from the code via a whistleblower system on the intranet. The system is intended to concern working condi-

tions and may cover everything set out in the Code of Conduct. Issues that may be relevant in this respect could include, e.g. human rights, non-discrimination, or gender equality in the workplace. Should anyone experience a conflict of interest, the Code provides guidance on how this should be resolved. No reports were made in 2013. [LA12, LA16, SO5, HR3, HR12]

To ensure that all employees have an opportunity to use the whistleblower function, the intranet explains what to do if it is felt that BillerudKorsnäs is failing to meet its responsibilities and how issues are to be reported. The HR director is responsible for coordinating reports. These are handled by the Sustainability Council, which consists of the HR Director and those responsible for sustainability, communication, forestry and the Group's law function, plus a representative of each of the business areas and production plants. In the event of breach of the law and other serious misconduct concerning employees in key positions or leading posts, these can be reported directly to the chair of the company's Audit Committee.

GATHERING EXTERNAL OPINIONS

It is important for BillerudKorsnäs' corporate governance to be aware of external viewpoints that may contribute towards improvements. The company welcomes external points of view on every aspect of its operations by e-mail, phone and post. An appropriate contact at the production plants is appointed to answer opinions received and to resolve any conflicts that may arise. External opinions are gathered on an ongoing basis by the environment manager or equivalent function as statistics and are when needed reported at the

annual management's review in line with the management system. No grounds arose to change the system in 2013. The just under 90 viewpoints received by the plants were environmental in nature, primarily involving local residents who were affected by sudden emissions to air resulting in odours. Views on odours, noise and impact on water have been resolved through information, repairs and technical corrections. Only one issue regarding dust from timber transport remains to be addressed.

In forestry, active information initiatives are required to collect opinions because employees are constantly moving from one forest area to another. When planning harvesting, local residents and directly affected landowners are contacted. Information sheets are affixed to trees at the site where harvesting is planned with a named contact and phone number. Sometimes posters are set up in neighbouring villages containing information. If anyone wants to make a complaint or propose improvements, this can be done through a procedure described in the forest section of BillerudKorsnäs' website. This provides the details of local and central contacts and the contact details of the auditor and the secretariat for the certification system. As in the industrial part of the business, those who submitted their views were contacted to resolve the issues. During 2013 these involved tracks having been left by a machinery and a creek being dammed up. The issues were able to be addressed and resolved. Issues are recorded and reported in line with the management system's procedures on improvement measures. Of the two complaints in 2013 none concerned deficiencies on social issues and both were primarily environmental in nature. [SO11]

5

Doing business responsibly



BillerudKorsnäs' Code of Conduct **emphasises the importance of personal responsibility for morals and good business ethics, and for showing care and respect.** The Code of Conduct must exert an influence in the company's value chain.

Membership of the UN's Global Compact means that the company undertakes to follow the ethical guidelines laid down for companies active in a global world. These involve always combating corruption, protecting the environment and safeguarding the rights of employees.



GUIDED BY CODE OF CONDUCT

The Code of Conduct (www.billerudkorsnas.com) is based on the UN Declaration on Human Rights and other international guidelines, such as the UN Global Compact (www.unglobalcompact.org), the OECD's guidelines for multinational companies and the ILO's conventions on decent working conditions. The Code covers all employees and seeks to serve as a guide in day-to-day work. The CEO bears ultimate responsibility for the Code of Conduct. It is implemented throughout the organisation, partly through training of new employees. A web-based training course is being designed and will be launched during 2014. The code is available in Swedish, Finnish and English so as to reach all employees. During the integration process in 2013 it was particularly important to have shared policies definitized. The decision was therefore made to supplement the Code with exhaustive policies on anti-corruption and competitiveness (page 27), which were implemented by training initiatives for people particularly affected, primarily in sales and purchasing.

GOVERNANCE FOR RESPONSIBLE BUSINESS

BillerudKorsnäs' highest body on strategic issues is its Board of Directors. The CEO is responsible for the ongoing management of the Company in accordance with instructions established by the Board. The person responsible for sustainability issues at managerial level is the Senior Vice President Communication & Sustainability, while a Sustainability Manager is responsible for operational work on sustainability together with a Sustainability Developer. A Sustainability

Council meets 3 to 4 times a year to evaluate work on sustainability and particular incidents, monitor targets and identify issues for development.

For governance and monitoring of the business and in a legal respect, the Group's legal function draws up policies and guidelines, which are laid down by the company's senior management team. To ensure responsible business these policies are then implemented through tailored procedures in the relevant units, e.g. supplier evaluations for purchasing operations.

The Code of Conduct with its associated policies forms the management system for responsible business, for which the directors of the respective business areas then take operational responsibility. The areas that are particularly important for ensuring that operations within the global BillerudKorsnäs do not contribute towards negative effects are respect for human rights, the absence of child or forced labour, and non-discrimination. This also applies to anti-corruption, competitive behaviour, compliance with the law, social impact and customer integrity.

HUMAN RIGHTS VITAL

BillerudKorsnäs has signed up to the UN Global Compact and protecting human rights is a central and self-evident part of its operations. Within the organisation these issues are covered by the Code of Conduct and documented guidelines. Outside the organisation, among suppliers, these issues are mainly addressed through supplier evaluations, a priority area for further development considering the company's increasingly global operations. The supplier evaluations

also incorporate the guiding principles of the UN Global Compact. The company's Code of Conduct states "We choose business partners who apply principles in ethical, social and environment-related issues similar to those we apply. BillerudKorsnäs expects the players who have chosen to collaborate with us to adhere to the values expressed in our Code of Conduct." Because approximately 99.9% of BillerudKorsnäs' approximately 10 000 suppliers are based in Europe and North America, where conditions are similar and legal controls are stringent, there is very little risk of business that is not supported by the Code of Conduct.

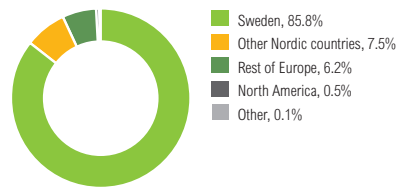
SUPPLY CHAIN BUILDS ON PROXIMITY

A very clear majority, approximately 90%, of BillerudKorsnäs' suppliers are located in the Nordic countries. Proximity is a very important factor as short transport distances mean cost and time efficiency, as well as a lower environmental impact. The company's suppliers in the Nordic countries, the rest of Europe and North America have been judged to comply with the UN's recommendations on human rights, environmental legislation and social responsibility standards, on the basis of the professional conduct experienced and supported by spot checks.

The remaining group of suppliers listed 2013 were located in countries such as China, India and South Africa, where an increased risk of deviation from the Code of Conduct may apply. However, these companies were not involved in industries where risks occur and were primarily businesses which carry out local transport or organise trade fairs, so it has been judged that the criteria are also met in these cases. The new

model for supplier evaluation and selection principles for physical audits will be implemented during 2014 in line with the new Purchasing policy (page 27). [HR5]

SUPPLIERS



Distribution of suppliers per region, %.

SUPPLIER EVALUATION PROCEDURES

BillerudKorsnäs works for sustainability in the value chain. Suppliers are therefore evaluated on quality, product safety/hygiene, the environment, energy, the work environment, social responsibility and human rights as well as finances, with the focus varying depending on the type of business. Responsibility for carrying out supplier evaluations rests with the respective procuring departments in the company. During the year the Purchasing Department evaluated relevant new suppliers regarding collective agreements. [HR 10] The Supply Chain Department had no new suppliers. The Forestry Department had only two new contractors that will be evaluated during 2014. Forest owners were evaluated during the contractual procedure according to conservation and stakeholders. Totally around 80% of the new suppliers were evaluated in accordance with applicable criteria [LA14, HR5, HR10, SO9, EN32].

As a result of evaluations carried out and with the support of the management system BillerudKorsnäs has not found that any changes are needed to the systems in Forestry or Supply Chain. The company has, however, found that development work is needed on global purchasing operations. Since the merger the company has set up a new, reinforced purchasing organisation which is now further developing a strategy, results-based management, working methods, allocation of responsibilities, and procedures for checks, audits and evaluation of suppliers. Reducing the number of suppliers is also a stated target to improve quality and aid management. The new model will be introduced in 2014.

COMPLIANCE WITH LEGISLATION

During the year, work began to draw up a joint, overall model for monitoring legislation and for internal reporting on changes in compliance, which will be taken further during 2014. No significant sanctions due to failure to comply with legislation were imposed in 2013 and no other legal measures were taken by authorities against BillerudKorsnäs. [SO8] No sanctions on anti-competitive behaviour, cartels (anti-trust) or monopolies were imposed on the company in 2013. [SO7]

MAJOR PRODUCT RESPONSIBILITY

Delivering packaging material and packaging solutions used by people all around the world makes high demands in terms of safety for people and the environment. BillerudKorsnäs' material is used in packaging for food and drink, consumer and luxury goods, medicine and hygiene articles and in industry. As much as 60% is used for packaging filled with food of various kinds, making food safety a crucial concern for the company. These materials are covered by specific legislation which seeks to protect human health and to prevent the material affecting the taste, smell or composition of the contents. Additionally, BillerudKorsnäs' Code of Conduct and Operational policy provide guidance on how employees should act towards customers and other stakeholders. The fact that the policy lists food safety as one of the top priorities for the business emphasises the high demands made regarding correct handling throughout the chain. This also includes product-related communication and labelling.

Throughout the product life cycle, and in marketing, from the development stage to production and ultimately recycling and waste, consideration for health and the environment is incorporated as a statutory requirement.

No complaints or prosecutions regarding breach of legislation or voluntary agreements on product impact on health and safety were made against BillerudKorsnäs in 2013. [PR2] Nor has the company been reported for breach of legislation or voluntary agreements on product information or product labelling. [PR4]

Customer trust and systems

Relationships with customers are built on trust that the materials are safe and reliable. Adapting to the customers' individual demands for material for different purposes nevertheless requires that systems are in place in BillerudKorsnäs' working methods. The Code of Conduct states that the production units are responsible for management systems and transport documentation and for ensuring that pulp and paper manufacture complies with the regulatory framework in the EU and that of other markets such as the US and China. The business areas in their turn bear responsibility for ensuring that the right product is sold for the respective application and that specific guidelines for different markets are complied with.

Product safety is guaranteed throughout the chain from raw material to finished product through continuous management, control and verification. Process parameters and finished products are both subjected to regular checks. BillerudKorsnäs also hires external laboratories for analysis and document verifications. Several management systems form the basis of systematic work on product safety at the production plants, such as ISO 9001 (quality) and ISO 14001 (environment) plus in some cases also ISO 22000 or FSSC 22000 for food safety (www.billerudkorsnas.com).

Product safety group

In 2013 it was found that an overall product safety group was necessary at BillerudKorsnäs for cooperation within the company and to safeguard compliance with regulations, legislation and other criteria. All the plants are represented in the group set up, whose responsibility is to keep the company up to date on regulations, legislation and other criteria. Questions from customers are also addressed and other members of the organisation are trained where necessary. The group is often involved in product development at an early stage, to ensure that the relevant safety requirements are met. It also communicates with authorities, industry organisations and other bodies on product safety issues.

Examples of legislation and regulations that steer BillerudKorsnäs' work on product safety:

EU Directives and Regulations

2001/95/EC (general product safety)
 EC 1935/2004 (framework for materials in contact with food)
 EC 2023/2006 (good manufacturing practice GMP)

Applicable articles of

FDA (Food and Drug Administration – US law)
 BfR (Bundesinstitut für Risikobewertung – recommendation Germany)
 GB9685-2008 (Chinese standard on additives in food packaging materials)

Examples of transparent reporting for responsible business

External systems/initiatives	Focus/reporting
UN Global Compact CDP – Driving Sustainable Economies	Sustainability Report Emissions of greenhouse gases in own operations and the supplier chain
Environmental Product Declaration WWF Environmental Paper Company Index	Environmental Product Declarations for 10 products Environmental performance for the whole of Billerud-Korsnäs
WWF Check Your Paper	Environmental data for three unbleached sack paper products
EcoVadis Sedex (Supplier Ethical Data Exchange) Paper Profile Folksam Investor initiative Sustainable value creation	Working conditions, the environment, supplier chain Working conditions, the environment Products from Pietarsaari and Tervasaari Responsible Business Index 2013 Economic, environmental and social aspects

WWF

BillerudKorsnäs was one of the world's 25 most important pulp and paper manufacturing companies which participated in the **WWF Environmental Paper Company index 2013**. "BillerudKorsnäs AB is recognised by WWF for its leadership in transparency for disclosing their ecological footprint in the WWF Environmental Paper Company Index 2013."

The company sees this as excellent evidence that the sustainability strategy of providing transparent reporting of environmental performance is being complied with. Together with other external reporting, this provides an opportunity for the company's stakeholders to evaluate strategy and performance alike.



The responsible business index and reporting climate work in CDP are examples of BillerudKorsnäs' external reporting.



Code of Conduct sets communication on track

The marketing organisation and central purchasers are trained in statutory market communication and in general rules on good marketing practice. This also includes the data and labelling accompanying the products. Part of BillerudKorsnäs' communication work includes monitoring customer satisfaction in each business area and the planning process for this in 2014 has commenced. A professional working relationship with customers is very important for the company as trust relies on their privacy and data confidentiality being assured. Responsibility for how marketing takes place rests with the business areas, supported by the Communication & Sustainability Department. In 2013 no incidents where the company acted in a way that breached regulations or voluntary agreements on marketing communication were internally or externally reported to the responsible management. [PR7] Nor were any cases of complaints against BillerudKorsnäs regarding customer confidentiality or loss of customer data reported during the year. [PR8]

COLLABORATION AND EXTERNAL NETWORKS

BillerudKorsnäs is a member of a number of networks to learn from, contribute towards and influence development in the forest industry and the packaging sector. This work may concern everything from industrial technology to political processes within the EU. In 2013 the company was appointed

to represent the Swedish Forest Industries Federation in the European Commission's expert group on bio-based products. Representatives from the company were elected to the Royal Swedish Academy of Engineering Sciences (IVA) and the Royal Swedish Academy of Agriculture and Forestry (KSLA).

In the Alliance for Beverage Cartons and the Environment (ACE) a project is being run with WWF to develop the web-based analysis tool WWF Water Risk Filter, which will enable analysis of water use in the forest industry. The main networks in which the company was most involved in developing the forest industry and its products were as follows:

- Confederation of European Paper Industries (CEPI)
- European Federation of Corrugated Board Manufacturers (FEFCO)
- Miljöpack
- Normpack
- The Swedish Forest Industries Federation
- Alliance for Beverage Cartons and the Environment (ACE)
- Bio-based Industries Initiative
- SSG Standard Solutions Group
- Innventia

TRANSPARENT WORK ON SUSTAINABILITY

It is part of the sustainability strategy and part of responsible business for BillerudKorsnäs to have the business externally audited in line with recognised and credible systems and to

provide correct and transparent reporting, as in this sustainability report. The company's focus is shown by the fact that this report is reviewed by the external auditing company EY in line with the enclosed assurance report.

UPDATED POLICIES AND GUIDELINES

- Code of Conduct (07.05.2013)
- Operational policy (15.10.2013)
- Anti-corruption policy (12.12.2013)
- Policy on compliance with competition law (12.12.2013)
- Timber supply guidelines (21.03.2013)
- Purchasing policy (20.12.2013)
- Pay policy (08.02.2013)
- Finance policy (12.06.2013)
- Credit policy (07.02.2013)
- Alcohol and drug policy (13.12.2013)
- Alcohol and drug guidelines (13.12.2013)

6

Active role in community

BillerudKorsnäs is a major employer in many of the places where its production plants are located, with a major impact on the economic development of the local community. **Interaction with local communities, the municipality and its residents is often wide-ranging in scope.** It might be about supplying energy, but it might also be about sponsoring social initiatives, getting involved with schools and local sports clubs and societies, local development issues or providing opportunities for young people to gain work experience. The company has an open dialogue with local residents to check the impact its operations are having on the local environment. In 2013 the company was also involved in certain global initiatives such as emergency aid and developing social entrepreneurship for young people in different countries.

SCHOOL PUPILS GAIN AN INSIGHT INTO THE BUSINESS

Local involvement in schools is expressed by inviting school classes for study visits and providing work experience placements for secondary school students. Grants and theme evenings of various kinds inspire young people to study technology. BillerudKorsnäs attends careers fairs for students at university level on an ongoing basis. Through the nationwide Forest in School initiative, the company helps to give young people in schools an opportunity to find out more about forests and forestry. Schools involved in this programme use outdoor education to stimulate learning and gain access to tips and tools to help them in doing so.

WORK EXPERIENCE PLACEMENTS FOR YOUNG PEOPLE

In 2014 BillerudKorsnäs will begin model a programme to offer young people an introduction to the world of work through work experience placements at its plants. Some of the plants already do a great deal in this respect. In forestry too, work experience weeks are run for students.

EXAMPLES OF LOCAL SPONSORSHIP

The sponsorship activities run by BillerudKorsnäs are local in focus and primarily geared towards young people. At all of its production plants the company sponsors local youth sports clubs. Activities for school pupils are also often sponsored. Some of these initiatives are:

- “Alcohol-free school leaving day” with grants towards bus transport.
- Allowing clubs and societies to use buildings.
- Support from social funds to clubs and associations and individual grants.
- Cultural activities in theatre and music.
- The ornithological association’s bird survey.
- Drug prevention material, such as books, for local schools.



BillerudKorsnäs is a **Rapatac Star Partner**, helping to support the work of the Rapatac-huset youth centre in Gävle. The Rapatac Foundation was created to give children and young people help with their schoolwork and an opportunity for stimulating leisure activities. The aim is to contribute towards a safe and meaningful childhood, developing the ability to take responsibility for one’s own actions.



MEETINGS FOR INFORMATION AND DIALOGUE

At the production plants an ongoing dialogue is conducted with local residents on various incidents, for example concerning noise, odours and emissions, because there is great value in keeping local people informed. It is also of great value to BillerudKorsnäs to receive external reports, should anything occur which affects local residents. Therefore, there is an opportunity for the general public to send their views and questions to the company, whether these involve industrial operations, forestry or anything else. At information meetings operations and future plans are explained and local residents have an opportunity to give their views. Other groups, such as students, clubs and pensioners, are also offered study visits at the plants.

LAND FOR RECREATION

In some cases BillerudKorsnäs makes its land available for the use of the general public. One example is in Skärblacka where a cooperation agreement was entered into with the municipality, whereby the company makes land available for camping.

Buildings that are not being used operationally are in some cases lent to local clubs and societies. In forestry, part of the planning process always involves taking the use of forest land for recreation into account.

DISTRICT HEATING SUPPLIER

The plants in Skärblacka, Frövi, Gävle and Grums (Gruvön) all supply district heating to the municipal heating network. BillerudKorsnäs' role in supplying local, sustainable energy systems makes the company an important cog in the economic and environmental development of its local communities.

REACH FOR CHANGE

Reach for Change is a non-profit foundation founded in Kinnevik, which BillerudKorsnäs supported during 2013. The foundation has a charity fundraising account. The idea is to support and select Change Leaders, who get the chance to develop ideas to make life better for children, so helping to realise the UN Convention on the Rights of the Child. There are currently Change Leaders in nine countries on three

continents. The activities span a broad area and may involve integrating Roma children, or supporting girls with limited life choices, or enabling people with hearing impairments to learn sign language in one of 30 different languages. (<http://reachforchange.org>)

ACTIONAID

BillerudKorsnäs supports ActionAid, a global organisation working to combat poverty. Initiatives are focused on the part of the charity's work that concerns the human right to food, because this has a natural link to the packaging industry. All employees are offered an opportunity to donate "one lunch a month", equivalent to SEK 60. Employees can also choose to donate to ActionAid instead of receiving a Christmas gift. The company donates SEK 100 every month for each member of staff signed up. People who have donated money are then able to enter a draw for the chance to spend a week working on one of ActionAid's projects in one of the countries in which it operates. (<http://www.actionaid.org>)



Land for an art island in Skärblacka On Norrköping Art Museum's 100th anniversary, the Skärblacka plant donated land for an art island. The result was the start of a sculpture park created by artists Jenny Berntsson and Felice Hapetzender and the Year 6 classes from the school that neighbours the plant. The exhibition is part of the art project Acting in the City completed in conjunction with the anniversary.

Sponsoring technology camps for girls

BillerudKorsnäs wants to inspire young people to take an interest in technology. For this reason, through the production plant in Frövi the company sponsored a nature and technology camp for girls in their teens. Over four days the girls visited three schools – Tullängsskolan, Komtek and Risbergska skolan – and Örebro University, where they got to try out fun, exciting and educational nature and technology exercises.





Awards and recognition

During the year BillerudKorsnäs won awards for innovative working methods that foster trust. Furthermore the company launched initiatives that **contribute towards the positive development of the packaging industry**. Prizes were awarded in two competitions that gave students the chance to try out their ideas and skills in designing and marketing packaging solutions based on paper and paperboard.

UK PACKAGING AWARDS

At the prestigious UK Packaging Awards 2013, Design Future's entry, which used BillerudKorsnäs' FibreForm®, was declared the winner in the category "Innovation of the Year". The unique material enables innovative shapes and embossing that could not previously be achieved, creating packaging that really grabs consumers' attention.

PACKAGING INDUSTRY AWARDS

As the jury stated: "Per Lindberg has made BillerudKorsnäs a successful company, a trail-blazer in its way of building close and trusting relationships with customers for the company's packaging material."

WWF ENVIRONMENTAL PAPER COMPANY INDEX 2013.

"BillerudKorsnäs AB is recognised by WWF for leadership in transparency for disclosing their ecological footprint in the WWF Environmental Paper Company Index 2013."



SUPPLIER OF THE YEAR

In competition with 55 key suppliers 2012, BillerudKorsnäs received the accolade Supplier of the Year for its high quality and reliability.

Holcim is a leading manufacturer of cement and construction materials, which evaluates its suppliers of strategic materials and services every year.

Bringing talent into light

PIDA – BILLERUDKORSNÄS PACKAGING DESIGN AWARD

This award is a competition for young, future packaging designers and is the brainchild of BillerudKorsnäs. The competition is run in parallel in four countries – Sweden, France, Germany and Spain – where BillerudKorsnäs works in partnership with universities and higher education institutions whose courses in packaging design have earned an excellent reputation. The aim is to strengthen the relationship between future packaging designers, industry and BillerudKorsnäs as a packaging supplier. The award also helps to spread information and knowledge through the seminars held in each of the countries in conjunction with the award ceremony every year.

In 2013 prizes were awarded in all categories – highest level of shelf impact, highest level of user friendliness and best level of innovation.

SPICE (SUSTAINABLE PACKAGING & INNOVATION COMMUNICATION EVENT)

Berghs School of Communication, BillerudKorsnäs and NINE hold an annual competition which is now also an eight-week long course. Students work on an existing or new brand, producing a concept for a launch or a re-launch of a product, commissioned by and working closely with the brand owner. The winning project is then used by the brand owner and the packaging is seen on the shelves in store.

In 2013 design and project management students competed for who could create the smartest packaging and the best communicative solution to provide a new image for Delicato's coconut-covered chocolate balls, Delicato's best-known and top-selling product.

Monitoring sustainability targets 2013

As BillerudKorsnäs was formed in late November 2012, there was no opportunity to specify new shared sustainability targets for 2013. For this reason, the targets were only expressed as ambitions to improve performance through increases or reductions. Monitoring now shows that these ambitions were

achieved in almost every respect. It is particularly interesting that fossil carbon dioxide emissions are continuing to fall dramatically, and that accidents in the workplace are also falling. However, it must be noted that data from the base year 2012 is not completely comparable because it concerns

only the part of the year in which the different acquisitions were legally part of the same company. Consequently, for the years ahead, the company will be switching its base year to 2013 and expanding its key indicators (page 10).

KPI 2013	Base year 2012*	Target 2013	Outcome 2013	Comments
1. Fossil-free production a. Emissions of fossil CO ₂ in industry, kg/tonne product b. Proportion of bioenergy in manufacturing, %	54 95.7	Reduce Increase	39 96.9	Approx. 28% of remaining fossil carbon dioxide emissions removed. Target reached. The remainder is primarily required for starting and stopping machinery, and in the drying process.
2. High energy efficiency Energy consumption must be cut, MWh/tonne product	6.3	Reduce	5.6	Target reached The improvement was in the region of 10%.
3. Skills and equality** a1. Proportion of female employees, % a2. Proportion of female managers, % b. Proportion of performance reviews, % c. Proportion of new employees with post-upper secondary education, %	17.5 16.1 69 51.7	Increase Increase Increase Increase	18.0 20.4 80.5 52.0	Target reached. A continued focus is required because change takes a long time. Target reached. Approximately 25% more women as managers. Target reached. Approximately 15% more people had performance reviews. Negligible increase. Continued focus required.
4. Safe workplaces** Number of work-related injuries leading to sick leave, n/100 employees	1.9	Reduce	1.5	The target was reached and a major reduction was seen. A continued focus is required and the objectives will be tightened up.
5. Low sick leave** Proportion of sick leave of working hours, %	2.9	Reduce	3.3	Target not reached. Nevertheless, sick leave is now judged to be at a reasonable level and will be removed as a sustainability target. Continued work is required for long-term stabilisation.
6. Sustainability in the supplier chain Number of suppliers audited by a meeting within Purchasing and Supply Chain, n	6	10	10	Target reached. Audits carried out within Purchasing and Supply Chain. A new supplier evaluation model is being drawn up by Purchasing in 2014.
7. Certified raw materials Increase in the number of forest owners group-certified by BillerudKorsnäs under FSC® and PEFC™, n	54 (28 418 ha)	Increase	71 (31 150 ha)	Target reached. There was an increase of approximately 30%. Timber purchasers offer forest owners certification when purchasing felling rights.

* Refers to the legal formation of the company. Staff, production and energy from acquisitions during 2012 are only included from the acquisition date onwards. ** Targets 3–5 refer to the whole company. The other targets refer to operations related to the production of paperboard, paper and pulp.

Materiality analysis with stakeholders

As BillerudKorsnäs chose to report in line with the **new sustainability reporting standard, GRI G4**, the company carried out an analysis of what its stakeholders consider is most important to them in terms of the company's sustainability work. They also gained an opportunity to rate measures carried out by BillerudKorsnäs based on where these stand compared with the industry in general. The purpose was to obtain a basis for comparison with the company's own assessments and thus for prioritisations in this report and continued work on sustainability.

MATERIALITY ANALYSIS 2013

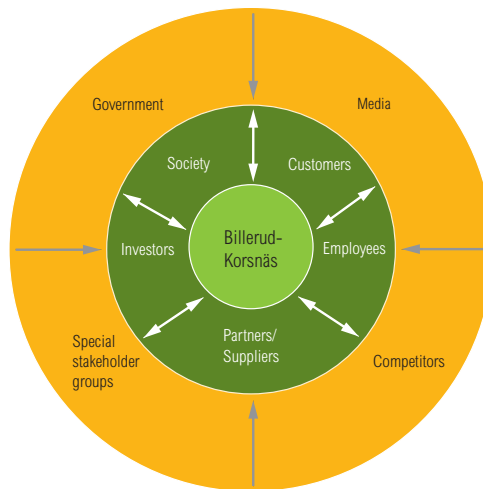
Initially BillerudKorsnäs carried out an analysis of the company's stakeholder groups. This showed that five stakeholder groups had the greatest impact on the company, but that four other groups were also significant. In the continued analyses, work was concentrated on the five core groups.

Approximately 30 interviews were carried out either face to face or through questionnaires and phone calls, covering the issues required under GRI G4. In some cases, when it proved difficult to practically arrange interviews with customers, the closest business contact at BillerudKorsnäs was asked to assess their opinion.

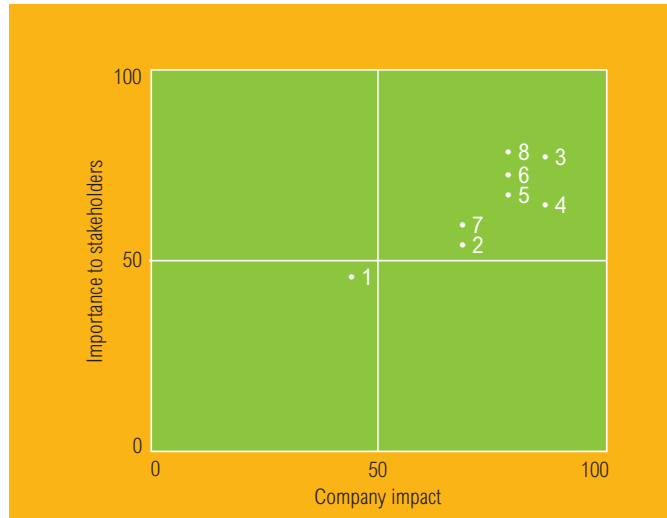
Stakeholders first answered which overall categories they considered most important in shaping their view of BillerudKorsnäs, e.g. finance, environment, working conditions and product safety. They then went on to classify underlying aspects and indicators.

At category level it emerged that working conditions such as health and safety, financial results and environmental performance were the most important issues in the stakeholders' assessment of BillerudKorsnäs. They considered that the reporting itself was least important because it is the measures that are the most important of all. In the following examples, the company's assessment of the importance of the aspects is shown on the horizontal x-axis. The assessment of stakeholders

STAKEHOLDER GROUPS



**EXAMPLE OF MATERIALITY ANALYSIS
LABOUR PRACTICES ASPECTS
- STAKEHOLDERS**

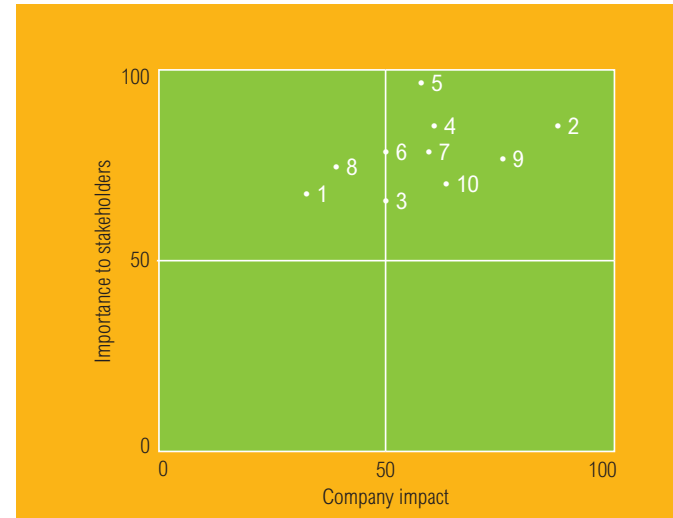


- 1 Employment (employee turnover)
- 2 Labour/management relations
- 3 Occupational health and safety
- 4 Training and education
- 5 Diversity and equal opportunity
- 6 Equal remuneration for women and men
- 7 Supplier assessment for labour practices
- 8 Labour practices grievance mechanisms

is shown on the y-axis. As shown in the Labour practices graph, health and safety and the ability to submit complaints without reprisals were felt to be the most important issues by stakeholders. Both stakeholders and the company's analysis group considered that the staff turnover aspect was the least important compared with other aspects.

One interesting issue in the graph in the second example, in which customers rated Human rights, is that all these

**EXAMPLE OF MATERIALITY ANALYSIS
HUMAN RIGHTS ASPECTS
- CUSTOMERS**



- 1 Investment in relevant human rights exercises
- 2 Non-discrimination
- 3 Freedom of association and collective bargaining
- 4 Child labour
- 5 Forced labour
- 6 Security practices
- 7 Indigenous rights
- 8 Operation subject to human rights reviews
- 9 Supplier human rights assessment
- 10 Human rights grievance mechanisms

aspects were rated extremely highly. Customers considered that the most important issue was that BillerudKorsnäs avoids forced labour and child labour, and also discrimination, in its supplier chains. It is also considered that supplier evaluations should incorporate these aspects.

Following analysis of the stakeholders' viewpoints, criteria were selected for reporting in a multi-stage process. All aspects which according to these graphs were classed as

having more than 75% of maximum importance were set out as being important, i.e. 29 of the 44 aspects in the GRI system. Finally, the around 90 indicators that constitute the most detailed reporting level were prioritised. Just under 40% of the indicators were selected as most important and are reported in this Sustainability Report. The selected indicators are shown in the GRI tables on pages 42-49.



STAKEHOLDER GROUPS	DEFINITION	TYPE OF DIALOGUE	QUESTIONS/FOCUS	RESPONSE/RESULT
INVESTORS	Shareholders Analysts Potential investors	Annual Report including Sustainability Report, interim reports, Website, Investor meetings, Meetings with analysts Press conferences, Capital market day, Questionnaires from investors, Materiality analysis. Questionnaires from ethical and environmental investment funds.	Economic value development sustainable in the long term, Business and product development perspective linked to sustainability.	Sustainability Report, OMX GES Nordic Services Sustainability Index, Responsible business index 2013 (Folksam), The report Sustainable value creation, Reporting climate work in CDP
CUSTOMERS	Existing customers Potential customers Customers' customers End-consumers	Personal meetings, Daily contact, Fairs, seminars & customer meetings, Customer surveys/questionnaires, Questionnaires from customers, Materiality analysis.	General requirements for sustainable corporate management and Code of Conduct. Specific issues: finances, environmental issues such as carbon dioxide emissions, environmental impact of products, water supply and emissions, working conditions such as safety in the workplace, human rights in the supplier chain, EUTR.	Sustainability Report, Sales support, Product development, Environmental Product Declarations (10), Questionnaire responses, External auditing EcoVadis, Sedex, WWF Check Your Paper, WWF EPCI, Paper Profile (Finland).
EMPLOYEES	Today's employees	Workplace meetings, Management meetings, Internal training, Staff survey, Incident follow-up, Performance reviews, Materiality analysis.	Code of Conduct, Business ethics questions, Skills development, Work environment and safety, Fitness measures, Diversity.	Sustainability Report, Skills development model, Extensive work on the work environment and safety, Action plan for victimisation at work, Extended trainee programme, Web training for new employees.
	Union representatives	Local collaborative meetings, Collaborative forum at Group level, European Works Council, Materiality analysis (spot check).	Work environment and safety Skills development, Finance, Terms of contract, Human rights, Sustainability in the supplier chain.	Open and constructive dialogue.
	Future employees	Visits to plants/forestry, Careers fairs at colleges and universities, Talks, Interviews/questionnaires for dissertations/essays, Forest in School.	Business descriptions, Products, Customer requirements, Focus on sustainability, Certification, Environmental impact, Energy, Ethics, Working conditions, Terms of employment.	Sustainability Report, Employer Branding initiative, Sponsorship, Grants, Trainee programme, Work placements, Documented work with schools, Passing on knowledge about the industry.
BUSINESS PARTNERS	Partners	Close contacts and development projects.	Developing sustainable and resource-efficient packaging, Developing bioplastic barriers.	Sustainability Report, New products such as FibreForm, New business concepts such as SoliQ.
	Existing suppliers	Procurement, Supplier evaluations, Materiality analysis.	Codes of Conduct, UN Global Compact in evaluating suppliers, Economy, Environmental impact, Safety in the workplace.	Sustainability Report, Revised sustainability evaluation template.
	Lenders	Personal meetings, Financial communication.	Economic value development sustainable in the long term.	Sustainability Report.
SOCIETY	Local residents and local associations	External viewpoints, Information meetings, Environmental reports, Materiality analysis.	Emissions to air and water, Events and plans for the future at plants.	Greater respect for and understanding of each other's situation and actions. Measures to reduce disruptions.
	Schools and universities	Contact with educational establishments, Skogsbrukets Yrkesnämnd training in forestry, Study visits.	Regional skills initiatives: training, work placements, Skills supply nationally, Knowledge of the industry.	Basis for future recruitment, Increased range of technical vocational courses, Designing upper secondary education.
	Authorities and ministries	Contacts with county administrative boards/municipalities re. supervision, Statutory environmental reports, Scrutiny for production permits, Harvesting reports, Representations.	Emissions to air and water, noise, energy, land issues, waste, use of chemicals, protecting the natural and cultural environment in forestry, delimiting nature conservation initiatives.	Better understanding of each other's points of view on environmental issues, New production permit Rockhammar, Go-ahead on key biotopes from Swedish Forest Agency.
	Certification bodies External auditors	On-site visits and other kinds of dialogue in conjunction with audits.	Legislation and criteria of the standard in question.	Certificates for operations, Requirements and proposals for improvements.

Environmental statistics

	2013	2012 ¹
Production (G4-9)		
Paperboard, paper and pulp, ktonnes	2 805	1 651
Internal deliveries, ktonnes	117	
Net production, ktonnes	2 687	
Production wood pellets, ktonnes	433	
Total production, ktonnes	3 120	
Materials used (EN1)		
Renewable		
Wood, km ³ sub	10 600	5 800
Externally purchased pulp, recovered fibre, ktonnes	343	213
Chemicals, ktonnes	93	²
Non-renewable		
Chemicals, ktonnes	373	²
Energy consumption³ (EN3)		
Electricity⁴		
Externally purchased electricity, GWh	1 857	892
Internally produced electricity, GWh	1 381	885
Total, GWh	3 238	1 777

Transport impacts, (EN30)

	CO ₂ fossil carbon dioxide	NO _x nitrogen oxides	CO carbon dioxide	HC hydro- carbons	SO ₂ sulphur dioxide	CH ₄ methane	PM particulates
Personal transport, air and rail, tonnes	1 464	1.45 ¹⁷	1.45 ¹⁷	0.11 ¹⁷			
Transport of finished products, rail, ship, road, tonnes	97 575	1 055	88.2	15.1	286	283	8.8

17 NO_x, CO and HC are only calculated by one of the two travel agencies used by BillerudKorsnäs. No wood transport statistics were available before the publication of the report.

COMMENTS

Data for 2012 concerns production plants at BillerudKorsnäs, i.e. after the acquisition during 2012 and the formation of the new company at the end of November 2012. Although 2012 is the base year for this report, for the above reason no absolute or indexed changes between full-year operations are stated for the reported key indicators in the tables. Changes following actual measures at the plants are reported in the descriptive texts where applicable.

	2013	2012 ¹
Heat consumption⁵		
Renewable fuels		
Black liquor, TJ	34 385	20 945
Bark, wood residues, TJ	11 121	6 411
Tar oil and tall oil, methanol, etc., TJ	3 587	2 030
Total, TJ	49 092	29 386
Non-renewable fuels⁵		
Oil, TJ	861	702
LPG, TJ	275	148
Natural gas, TJ	376	464
Total, TJ	1 512	1 314
Externally purchased steam ⁷ , TJ	1 188	695
proportion non-renewables	17%	14%
Sold heat, TJ	2 913	994
Total energy consumption⁸, TJ	55 566	31 294
Energy intensity⁸, TJ/tonne (EN5)	17.8	19.0
Water withdrawal⁹ (EN8)		
Surface water, million m ³	217	127

Water withdrawal⁹ (EN8)

Surface water, million m ³	217	127
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	2013	2012 ¹
Greenhouse gas emissions CO₂eq¹⁰		
Direct from fuel (EN15)		
Fossil, ktonnes ¹¹	105	89
Bio-generation, ktonnes	5 107	3 314
Total, ktonnes	5 211	3 403
Indirect from purchased energy (EN16)		
From purchased electricity ¹² , ktonnes	45	26
From purchased steam ¹³ , ktonnes	15	7.4
Total, ktonnes	60	33.4
Intensity(EN18)		
From fuel, kg/tonne product	34	54
From purchased electricity and steam, kg/tonne product	19	20
Total, kg/tonne product	53	74
Water discharge¹⁴ (EN22)		
Process discharge, million m ³	145	99
COD (oxygen-consuming organic compounds) ¹⁵ , ktonnes	29.7	22
Organically bound chlorine (AOX), tonnes	158	¹⁶
Suspended solids (TSS), tonnes	3 953	2 606
Nitrogen, tonnes	472	279
Phosphorus, tonnes	47	33

1 Data for 2012 concerns the production units at BillerudKorsnäs, i.e. after the acquisition during 2012 and the formation of the new company at the end of November 2012. 2012 is the base year for all data. Latgran was not reported in 2012.

2 Not fully reported for 2012 and not divided into renewable and non-renewable.

3 Sold electricity 0, purchased cooling 0, sold cooling 0, sold steam 0.

4 Based on invoices and meter readings.

5 Based on steam flow measurements, with factors for boiler efficiency and heat values. Industry values, technical data, plant-specific values.

6 Based on invoices, weighing and inventories.

7 Based on invoices.

8 Fuel consumption, purchased electricity (3,6 times) and steam, minus sold heat. The figure for production is the plant's production minus internal deliveries of market pulp.

9 Groundwater 0.01 million m³, rainwater 0, waste water from other organisation 0, municipal water 0.1 million m³. Data includes cooling water. The estimates made amount to less than 10% of total flows.

10 Emission factor 76.2 tonnes CO₂eq/TJ (EU-ETS). As BillerudKorsnäs has operational control to implement policies into Latgran's operations 100% of Latgran's emissions is included.

11 Only CO₂ reported.

12 2013 emissions are calculated based on data for 2012 re. gCO₂eq/kWh, as conversion factor data for 2013 was not available at the time of reporting.

13 2013 emissions are calculated based on data for 2012 re. the fossil proportion of purchased steam, as conversion factor data for 2013 was not available at the time of reporting.

14 Measured using flow meters and analysis by accredited laboratories (SWEDAC).

15 COD calculated on the basis of TOC (Total Organic Carbon).

16 Was not reported for 2012.

Employee statistics

EMPLOYEE STATISTICS 2013	TOTAL	SWEDEN	FINLAND	UK	BALTIC COUNTRIES	SALES OFFICES
Employees						
Average number of employees ¹ (G4-10)	4 270	3 621	185	142	235	87
No. of employees at year-end	4 254	3 607	176	143	242	86
of whom women	18.0	17.5	14.2	8.4	20.2	55.2
of whom blue collar/workers	65	64	68	67	84	0
of whom white collar	35	36	32	33	16	100
Members of senior management team ²	96	53	9	5	14	15
of whom women	30.2	28.3	22.2	20.0	21.4	53.3
Proportion of female managers	20.4	19.2	22.2	20.0	29.4	35.3
Average age (LA12)	46.7	47.9	46.3	48.7	43.9	42.2

Sick leave (LA6)						
Total sick leave as % of hours worked	3.3	3.2	5.4	3.2	4.1	1.2
Sick leave as proportion of hours worked, men	3.2	3.1	6.1	3.1	4.1	1.0
Sick leave as proportion of hours worked, women	3.6	3.7	1.8	4.6	4.0	1.4

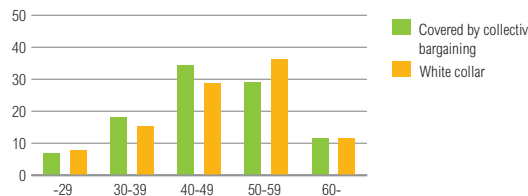
Work-related accidents (LA6)						
Work-related injuries ³ with sick leave	64	59	3	2	0	0
Work-related injuries with sick leave/100 employees	1.5	1.7	1.9	1.5	0	0
Work-related injuries with sick leave/million hours ⁴	8.2	9.1	10.3	8.0	0	0
Work-related injuries without sick leave	426	400	11	15	0	0

- 95% of employees in Sweden, Finland, UK and the Baltic countries are covered by collective agreements (G4-11).
- The proportion of women among the board's 12 members is 25%.
- The number of work-related injuries was reported monthly in 2013 for all production plants in Sweden, Finland and the UK and was roughly compared with the overall target. For other units, the statistics were added up on an annual basis so a final comparison could be made with the target. The calculations are based on the actual number of employees at the start of the year and are corrected at the end of the year once the actual average number of employees is known.
- Number of work-related injuries with sick leave per million hours worked.

AVERAGE NUMBER OF EMPLOYEES (G4-10)



AGE DISTRIBUTION, % (LA12)



Age distribution data for all different employee categories are not available.

SICK LEAVE BY AGE AS % OF TIME WORKED (LA12)



PAY SURVEYS (LA13)⁵

Posts	Average salary, women/men %	
	Survey 1 ⁶	Survey 2
Section manager	97.8	102.2
Operator, digester-bleaching-finishing	97.9	100.0
Laboratory staff	99.9	99.2
Planner/coordinator/developer	114.2	93.2
Total all employees	101.4	99.1

- Pay surveys for the five Swedish production plants in the period 2010–2012, which have in line with the GRI indicator LA13 been defined as "significant locations of operation" and have thus been selected for reporting. Pay surveys are only required by Swedish legislation.
- Two production plants merged.

BAS/BVA occupation evaluation system	Average salary, women/men %	
	Survey 3	Survey 4
200-249 Caretakers, cleaners, etc	102.9	99.0
250-299 Repair workers, administrators, etc	100.0	101.0
300-349 Electricians, operators, etc	108.2	101.0
350-399 Planners, technicians, etc	79.9	100.0
400-449 Engineers, purchasers, etc	93.9	100.0
450-499 IT system, environmental engineers, etc	100.0	98.0
500-549 Operating engineers, production managers, etc	88.5	127.0
550-599 Quality managers, laboratory managers, etc	108.9	102.0
600-649 Heads of production, chief mechanics, etc	101.9	102.0
Other/Not comparable	-	-
Total all employees	114.0	102.8

The BAS system is based on four factors: skills, problem-solving, responsibility and working conditions. (Employment evaluation system in Sweden, Equal Opportunities Ombudsman).

This year's report – a new start

BillerudKorsnäs has chosen to have this report externally reviewed. This means that the reporting of all the GRI indicators selected after the materiality analysis with stakeholders is also verified. **The level is in line with “Core”, i.e. the core of what is important to stakeholders** and the company. 2013 was the first year that the merged BillerudKorsnäs was able to show full year figures for GRI indicators and internal targets. The Sustainability Report is now independent of the financial reporting and is published on the company's website.

NEW REPORTING STANDARD

For 2013 BillerudKorsnäs has chosen to report in line with the Global Reporting Initiative's new standard G4 (GRI).

This is the first year that the company is able to report full-year figures for the new BillerudKorsnäs. This means that apart from monitoring targets and comparisons with the previous report, this report only shows figures for 2013. The Sustainability Report is written in accordance with the Core level. This level has been selected to meet desires from stakeholders to focus reporting on the most important elements, the core, of sustainability work. The elements that stakeholders considered to be most important were established in the materiality analysis (pages 33–34). Reporting takes place annually and here covers the calendar year 2013. The most recent Sustainability Report was published in March 2013. The report also constitutes Communication on Progress (COP) under the UN Global Compact.



THE GLOBAL COMPACT

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

FIRST YEAR WITH EXTERNAL REVIEW

For the first year BillerudKorsnäs has chosen to have the Sustainability Report externally reviewed and assured (page 39). The verification was carried out by the auditing company EY. All of BillerudKorsnäs' majority-owned companies are covered by this report in the same way as by the Annual Report. As in previous years BillerudKorsnäs has held meetings with investors to gather opinions on the report, as it is primarily geared towards this stakeholder group.

OPINIONS ON THE SUSTAINABILITY REPORT

BillerudKorsnäs is grateful for comments on its Sustainability Report in order to improve it for the years ahead. Please do not hesitate to get in touch with any of the following:

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Glossary

Biofuels

Renewable fuels originating from the plant kingdom, for example from wood, black liquor with wood residues and bark, etc.

Black liquor

The name for used cooking liquid when producing sulphate pulp. Black liquor is burnt in the soda recovery boiler at which time the wood solids released (primarily lignin) provide energy for steam and electricity production. One requirement for both the environment and economy is that the chemicals consumed in black liquor are reproduced in the sulphate mill as new cooking chemicals.

Carbon footprint

The amount of greenhouse gases that a product causes during its lifecycle. Primarily carbon dioxide from fossil fuels is included, but as well methane and nitrous oxide could be.

Climate change

Caused by the greenhouse effect. Human activity as combustion of fossil fuels is contributing to global warming, which is raising temperatures, causing unexpected weather patterns and causing polar ice to melt.

COD

Chemical Oxygen Demand. COD is a measure of the amount of oxygen required to break down organic material in water. Often analysed as TOC (Total Organic Carbon) and recalculated using a conversion factor.

Core

The reporting level that BillerudKorsnäs has selected under the GRI system for this report to meet desires from stakeholders to report the most important (Core) aspects.

CTMP

Chemo thermo mechanical pulp which in manufacturing has a high yield from the wood. The pulp gives bulk to the paperboard, i.e. a large amount of volume in relation to weight.

Cubic metre standing volume

Trunk volume in cubic metres from stump to tip including bark (m³sk), i.e. the part of the tree standing in the forest but without branches.

Cubic metres solid under bark

Volume of solid wood under bark in cubic metres (m³sub). The common trading measurement for timber.

Corrugated board

Made by gluing two usually flat layers (liner) around a wavy layer (fluting).

Energy management system

Standard that provides guidance for how an organisation can document energy use in a structured way and record implementation of energy-saving measures.

Environmental Management System

The part of the main management system that describes the structure, principles, procedures and resources

for systematic implementation of the Company's environmental policy.

FibreForm®

Paper with high elasticity, which can be shaped to produce thermoformed and deep-drawn food and consumer packaging such as trays, blisterpacks.

Fluting

The wavy middle layer of corrugated board. Made using either primary or recycled fibre.

Fossil fuels

Fuel based on organic carbon and hydrogen compounds from sediment or sedimented bedrock – primarily coal, oil and natural gas.

FSC®

FSC® is an independent international membership-based organisation that promotes environmentally aware, socially responsible and economically sustainable use of the world's forests. FSC is an acronym for the Forest Stewardship Council.

Greenhouse gases

Usually refers to carbon dioxide from combustion of fossil material such as oil and coal when discussing how green-house gas emissions affect the climate. Emissions that can be attributed to products based on oil, e.g. plastic, also increase the amount of green-house gases.

ISO 14001

The standard of the International Organisation for Standardisation

(ISO) for an environmental management system.

KPI

Key Performance Indicator, i.e. key figures for setting targets and following up important performance aspects.

Liquid packaging board

Board used to manufacture packaging for beverages and other liquid foods.

Market pulp

Pulp that is sold to paper mills that in some cases do not produce their own pulp.

PEFC™

PEFC is an international system for sustainable forestry. PEFC is an abbreviation for the Programme for the Endorsement of Forest Certification schemes.

Pulpwood

In Sweden this is primarily softwood (spruce and pine) and birch used to make paper. The wood volume is usually measured in m³sub, which refers to the solid volume of wood under bark.

Recycled fibre (recycled paper)

Fibre material that has previously been used in a paper or board product.

Sack paper

Paper with high strength properties and used for the production of sacks. Made from softwood sulphate pulp.

Sulphate pulp

Chemical pulp produced by cooking wood under high pressure and at a high temperature in cooking liquor, known as white liquor (sodium hydroxide and sodium sulphide). Sulphate pulp is also known as kraft pulp.

Sulphur dioxide (SO₂)

A gas consisting of sulphur and oxygen formed during combustion of sulphur-containing fuels such as black liquor and oil. In contact with damp air, sulphur dioxide is converted to sulphuric acid and falls as acid precipitation.

Suspended solids

Total Suspended Solids. Suspended particulates in water.

Sustainable development

Economic growth, social viability and environmental awareness – so that society can meet current demands without compromising its future

Tall oil

Tall oil is derived from rosins or extractive substances (resins) in the wood. These are separated as soap in the sulphate process and are separated with an acid to form a bio-oil, tall oil. These can be used as a raw material for chemicals or as a fuel additive.

Tar oil

Tar oil is a by-product in refining tall oil, and is a biofuel.



Assurance report

This is a free translation into English of the original assurance report over the original version of the sustainability report issued in the Swedish language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, professional standards applicable in Sweden.

Independent practitioner's assurance report on information included in BillerudKorsnäs AB's sustainability report

To the readers of BillerudKorsnäs AB's sustainability report

Introduction

We have been engaged by the management of BillerudKorsnäs AB to review and provide a statement with limited assurance on specific information contained in BillerudKorsnäs AB's Sustainability Report for 2013. BillerudKorsnäs AB has defined the sustainability report to the locations referred to in the GRI Index for 2013, pages 41-49, in this report. Our review has covered the GRI disclosures in the GRI index that are indicated as externally verified.

Management's responsibility for the Sustainability Report

The board and management are responsible for the ongoing work related to environmental, safety, quality and social responsibility as well as sustainable development, and for the presentation of the sustainability report in accordance with applicable criteria issued by the Global Reporting Initiative (GRI), and BillerudKorsnäs AB's proprietary accounting and calculation principles applicable to sustainability reporting.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. EY applies International Standard on Quality Control and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a statement with limited assurance on specific parts of the sustainability report based on our review. We conducted our review in accordance with the international assurance standard ISAE 3000 (Other Assurance Engagements other than audit or review of historical financial information) issued by the International Auditing and Assurance Standards Board.

Our work consisted of

- update of our knowledge and understanding of BillerudKorsnäs AB's organization and operations,
- assessment of the criteria's suitability and application regarding the stakeholders' information needs and results of the materiality analysis,
- interviews with management, at group level, subsidiary level and at selected business units in order to assess whether the qualitative and quantitative information in the GRI disclosures are complete, accurate and sufficient,
- examination of internal and external documents to assess whether the reported information is complete, correct and adequate,
- mapping of the design of systems, processes and internal controls used to collect, manage and validate sustainability information,
- evaluation of the model used to calculate the GHG emissions,
- analytical review of reported information,
- reconciliation of relevant financial information to the company's annual report for the year 2013 and
- assessment of the company's stated application of the GRI G4 guidelines.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement

is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether BillerudKorsnäs AB's GRI disclosures have been prepared, in all material respects, in accordance with the applicable criteria applied as explained in the GRI index.

The criteria used in the review are based on the elements of the Sustainability Reporting Guidelines G4, published by the Global Reporting Initiative (GRI), which are relevant to sustainability reporting, and the accounting and calculation principles that the company has developed and identified. These are presented in the sustainability report under the GRI disclosures G4-17 - G4-23 found in the GRI index. We believe that these criteria are suitable for the preparation of the Sustainability Report.

We believe that the evidence we collected during our review is sufficient and appropriate to provide us the basis for our conclusion.

Statement

Based on our work described in this report, nothing has come to our attention that causes us believe that the disclosures in the sustainability report that were subject to our review has not, in all material respects, been prepared in accordance with the criteria stated above.

Stockholm on 12 March 2014
Ernst & Young AB

Lars Träff
Certified Public Accountant

Håkan Ulrichs
Partner, Climate Change & Sustainability Services



Details for the GRI G4 review

41	G4 CONTENT INDEX GRI STANDARD DISCLOSURES
50	GRI G4-20 AND G4-21 INTERNAL AND EXTERNAL MATERIAL ASPECTS
53	ASPECT-SPECIFIC G4-DMA-b SUPPLIER ASSESSMENTS



G4 Content Index GRI Standard Disclosures – In 'accordance Core'

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	"Page Number (or Link)"	"External Assurance"
	Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organization. In these circumstances, the organization may elect to add a specific reference to where the relevant information can be found. "	Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report."

STRATEGY AND ANALYSIS

G4-1	p.6. Supports reporting to UN Global Compact.
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ORGANIZATIONAL PROFILE

G4-3	p.1
G4-4	p.4-5
G4-5	p.20
G4-6	p.20
G4-7	p.3
G4-8	p.4
G4-9	p.5. Total number of employees and net sales
G4-9	p.20. Total number of operations and quantity of products
G4-9	p.35. Quantity of products
G4-9	p.36. Total number of employees
G4-9	Annual Report p.14. Total capitalization in terms of debt and equityNot applicable
G4-10	p.36. Supports Reporting to UN Global Compact, Principle no 6.
G4-11	p.36. Supports Reporting to UN Global Compact, Principle no 3.
G4-12	p.25-26
G4-13	p.7. Changes in operations
G4-13	p.25-26. Changes in and structure of the supply chain
G4-13	p.37. Changes in operations
G4-13	Annual Report p.15. Changes in the share capital structure
G4-14	p.9. Supports Reporting to UN Global Compact, Principle no 7.
G4-15	p.6. Principles and initiatives endorsed
G4-15	p.26. Principles and initiatives endorsed
G4-16	p.27

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	p.37. Entities covered by the sustainability report
G4-17	Annual Report p.28. Entities included in the company's consolidated financial statements
G4-18	p.32-33
G4-19	p.38-39 Custom Context Index.
G4-20	p.50-52 Appendix: G4-20 Internal Material Aspects and G4-21 External Material Aspects.
G4-21	p.50-52 Appendix: G4-20 Internal Material Aspects and G4-21 External Material Aspects.
G4-22	p.37
G4-23	p.37



General Standard Disclosures	"Page Number (or Link)	"External Assurance
STAKEHOLDER ENGAGEMENT		
G4-24	p.34	
G4-25	p.32-33	
G4-26	p.34	
G4-27	p.34	
REPORT PROFILE		
G4-28	p.37	
G4-29	p.37	
G4-30	p.37	
G4-31	p.37	
G4-32	p.37	
G4-33	p.37	
GOVERNANCE		
G4-34	p.25	
ETHICS AND INTEGRITY		
G4-56	p.22. Values and Operational Policy	
G4-56	p.25. Code of Conduct and UN Global Compact	

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	"Page Number (or Link)	"Identified Omission(s)	"Reason(s) for Omission(s)	"Explanation for Omission(s)	"External Assurance
	Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organization. In these circumstances, the organization may elect to add a specific reference to where the relevant information can be found."	In exceptional cases, if it is not possible to disclose certain required information, identify the information that has been omitted."	In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission."	In exceptional cases, if it is not possible to disclose certain required information, explain the reasons why the information has been omitted."	Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report."

CATEGORY: ECONOMIC

MATERIAL ASPECT: ECONOMIC PERFORMANCE

G4-DMA	DMA-a p.6. The CEO introduction shows this Aspect is material to the company				Yes, p.39
G4-DMA	DMA-a p.32. Materiality assessment shows this Aspect is material to stakeholders				Yes, p.39
G4-DMA	DMA-a p.50. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-DMA	DMA-b p.6. How the organization manages the material Aspect or its impacts				Yes, p.39
G4-DMA	DMA-c Annual Report p.4-5 Evaluation of the management approach				Yes, p.39
G4-EC1	Annual Report p.13. Consolidated Statement of Income. Revenue: operational and financial income, Operating costs: raw materials and other external costs, Employee wages: employee benefits expense, Payments to providers of capital: financial costs, Payments to government: property tax.				Yes, p.39
G4-EC1	Annual Report p.16. Statement of Cash Flows. Revenue: new issue and sale of financial fixed assets, Operating costs: Investing activities. Payments to providers of capital: dividend, Payments to government: tax paid.				Yes, p.39



DMA and Indicators	"Page Number (or Link)	"Identified Omission(s)	"Reason(s) for Omission(s)	"Explanation for Omission(s)	"External Assurance
CATEGORY: ENVIRONMENTAL Supports reporting to UN Global Compact, Principle no 7, 8 and 9.					
MATERIAL ASPECT: MATERIALS					
G4-DMA	DMA-a p.17-18. Impacts that make this aspect material				Yes, p.39
G4-DMA	DMA-a p.50. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-DMA	DMA-b p.15. How the material Aspect is managed by guidelines for wood purchases				Yes, p.39
G4-DMA	DMA-b p.17-18. How the material Aspect is managed by the Operational policy, environmental management systems and consideration regarding chemicals				Yes, p.39
G4-DMA	DMA-c p.17. Evaluation of the management approach				Yes, p.39
G4-EN1	p.35				Yes, p.39
MATERIAL ASPECT: ENERGY					
G4-DMA	DMA-a p.17. Impacts regarding business and results that make this Aspect material				Yes, p.39
G4-DMA	DMA-a p.19. Impacts regarding costs and efficiency that make this Aspect material				Yes, p.39
G4-DMA	DMA-a p.50. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-DMA	DMA-b p.17. How the material Aspect is managed by the Operational policy and environmental management systems				Yes, p.39
G4-DMA	DMA-b p.19. How the material Aspect is managed by energy management systems and activities to minimize negative impact				Yes, p.39
G4-DMA	DMA-c p.17. Evaluation of the management approach in general				Yes, p.39
G4-DMA	DMA-c p.19. Evaluation of the management approach specifically for energy				Yes, p.39
G4-EN3	p.35				Yes, p.39
G4-EN5	p.35				Yes, p.39
MATERIAL ASPECT: WATER					
G4-DMA	DMA-a-c. p.17-18				Yes, p.39
G4-DMA	DMA-a p.50. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-EN8	p.35				Yes, p.39
MATERIAL ASPECT: BIODIVERSITY					
G4-DMA	DMA-a p.15 Impacts that make this Aspect material in forestry				Yes, p.39
G4-DMA	DMA-a p.17 Impacts on the product added value that make this Aspect material				Yes, p.39
G4-DMA	DMA-a p.50. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-DMA	DMA-b-c p.16-17				Yes, p.39
G4-EN11	p.15				Yes, p.39
MATERIAL ASPECT: EMISSIONS					
G4-DMA	p.17				Yes, p.39
G4-DMA	DMA-a p.50. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-EN15	p.35				Yes, p.39
G4-EN16	p.35				Yes, p.39
G4-EN18	p.35				Yes, p.39
G4-EN19	p.17. Reductions achieved as a result of an investment in a CHP plant for biofuels in Gävle				Yes, p.39
G4-EN19	p.21 Reductions achieved in the value chain				Yes, p.39
G4-EN19	p.35 Gases included, baseline, methodologies and scope defined in the table and the notes				Yes, p.39
MATERIAL ASPECT: EFFLUENTS AND WASTE					
G4-DMA	p.17-18				Yes, p.39
G4-DMA	DMA-a p.50. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-EN22	p.35				Yes, p.39



DMA and Indicators	"Page Number (or Link)	"Identified Omission(s)	"Reason(s) for Omission(s)	"Explanation for Omission(s)	"External Assurance
MATERIAL ASPECT: PRODUCTS AND SERVICES					
G4-DMA	DMA-a p.13. Impacts on resource efficiency that make this Aspect material				Yes, p.39
G4-DMA	DMA-a p.17. Impacts on product added value that make this Aspect material				Yes, p.39
G4-DMA	DMA-a p.50. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-DMA	DMA-b p.13. How the material Aspect is managed by product development and LCA to assess impact and define further actions				Yes, p.39
G4-DMA	DMA-b p.17. How the material Aspect is managed by the Operational policy and environmental consideration				Yes, p.39
G4-DMA	DMA-c p.17. Evaluation of the management approach in general				Yes, p.39
G4-DMA	DMA-c p.21. Evaluation of the management approach by help of LCA and Environmental Product Declarations (EPD)				Yes, p.39
G4-EN27	p.18				Yes, p.39
MATERIAL ASPECT: COMPLIANCE					
G4-DMA	DMA-a p.17. Environmental legislative demands make this Aspect material				Yes, p.39
G4-DMA	DMA-a p.25. Management approach that makes this Aspect material				Yes, p.39
G4-DMA	DMA-a p.50. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-DMA	DMA-b p.15. How the material Aspect is managed by control routines in forestry and wood supply				Yes, p.39
G4-DMA	DMA-b p.17. How the material Aspect is managed by control responsibilities on the production sites				Yes, p.39
G4-DMA	DMA-b p.25. How the material Aspect is managed by policies and structure on a strategic level				Yes, p.39
G4-DMA	DMA-c p.17. Evaluation of the management approach showed the need of a coordinating group for management systems				Yes, p.39
G4-DMA	DMA-c p.25-26. Evaluation of the management approach showed the need of certain policies and to set up a project for implementation of a common model to control and report on compliance				Yes, p.39
G4-EN29	p.35				Yes, p.39
MATERIAL ASPECT: TRANSPORT					
G4-DMA	p.17-18.				Yes, p.39
G4-DMA	DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-EN30	p.18 Significant environmental impacts from transports and how impacts are mitigated.				Yes, p.39
G4-EN30	p.35 Environmental statistics, criteria and methodology etc used.	Data on Effluents, Waste, Noise and Spills is omitted. Wood supply transport data and partial personnel transport data is omitted.	The Standard Disclosure or part of the Standard Disclosure is not applicable; The information is currently unavailable	We deem other impacts than energy use and emissions to air as insignificant. We currently lack some data for personnel transports due to different reporting from travel agencies. Quality data for wood supply is due to time shortage not yet possible to prepare in this report. We are working on acquiring the actual data and to report for 2014.	Yes, p.39
MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT					
G4-DMA	p.25-26.				Yes, p.39
G4-DMA	DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-EN32	p.26				Yes, p.39



DMA and Indicators	"Page Number (or Link)	"Identified Omission(s)	"Reason(s) for Omission(s)	"Explanation for Omission(s)	"External Assurance
CATEGORY: SOCIAL					
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK Supports reporting to UN Global Compact, Principle no 6.					
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY					

G4-DMA	p.22-23				Yes, p.39
G4-DMA	DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-LA5	p.23				Yes, p.39
G4-LA6	p.36	No reporting for part of the Standard Disclosure regarding independent contractors' injury rate, occupational diseases, lost day rate etc.	The Standard Disclosure or part of the Standard Disclosure is not applicable ; The information is subject to specific confidentiality constraints	We deem reporting for independent contractors is not applicable. Work environment is according to the legislation AFS 2001:01 the responsibility for each specific company (www.av.se/lagochratt/afs/afs2001_01.aspx). According to business codes we are not able to demand data from contractors, as it is in principle confidential. Diseases, lost days etc are dealt with within the contractor companies, in dialogue with the authorities when needed. But we do consider actions on the sites together with the contractors when accidents occur in order to avoid future problems.	Yes, p.39

MATERIAL ASPECT: TRAINING AND EDUCATION

G4-DMA	p.22-23				Yes, p.39
G4-DMA	DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-LA11	p.23	No reporting for part of the Standard Disclosure regarding statistics for performance and career development review by gender and employer category.	The information is currently unavailable	There is not yet any common system in place to handle this specific statistics activity for the whole company . So far all managers are reporting their reviews to the HR department. During 2014 a new HR system will be introduced, but probably it will not cover this issue until 2015.	Yes, p.39



DMA and Indicators	"Page Number (or Link)	"Identified Omission(s)	"Reason(s) for Omission(s)	"Explanation for Omission(s)	"External Assurance
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY					
G4-DMA G4-DMA G4-LA12	p.22-23 DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects p.36	Minority statistics is not disclosed. Age groups are not disclosed for all employee categories, only for blue collar and white collar worker.	The existence of specific legal prohibitions; The information is currently unavailable	Integrity and discrimination legislation as Personuppgiftslagen and Diskrimineringslagen in principle prohibits statistics based only on ethnicity. (Links are www.riksdagen.se and www.do.se/Fakta/Diskrimineringslagen .) The company will not arrange any statistics that could be questioned according to this legislation. Instead diversity and equality is promoted by policies, groups organized to coordinate these issues and by action plans. When it comes to age groups a new HR system will be introduced during 2014, but probably not cover this issue until 2015.	Yes, p.39 Yes, p.39 Yes, p.39
MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN					
G4-DMA G4-DMA G4-LA13	p.22-23 DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects p.23, p.36	Only basic salary in remuneration assessments	The Standard Disclosure or part of the Standard Disclosure is not applicable	Remuneration assessments are conducted according to legislation. Additional remuneration is already gender neutral according to collective agreements.	Yes, p.39 Yes, p.39 Yes, p.39
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES					
G4-DMA G4-DMA G4-LA14	p.25-26 DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects p.26				Yes, p.39 Yes, p.39 Yes, p.39
MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS					
G4-DMA G4-DMA G4-LA16	p.24 DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects p.24				Yes, p.39 Yes, p.39 Yes, p.39
SUB-CATEGORY: HUMAN RIGHTS Supports reporting to UN Global Compact, Principle no 1 and 2.					
MATERIAL ASPECT: NON-DISCRIMINATION					
G4-DMA G4-DMA	DMA-a p.23. As equality is fundamental to the company this Aspect is material DMA-a p.25. According to the Code of Conduct and the signatory of UN Global Compact this Aspect is defined as material				Yes, p.39 Yes, p.39
G4-DMA G4-DMA	DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects DMA-b p.23. A Diversity Group was set up to internally coordinate the material Aspect complemented by Equality Committees				Yes, p.39 Yes, p.39
G4-DMA	DMA-b p.25. The material Aspect is managed by help of the Code of Conduct and the implementation of UN Global Compact in supplier assessments				Yes, p.39
G4-DMA G4-HR3	DMA-c p.22-23. Evaluation of the management approach p.24				Yes, p.39 Yes, p.39



DMA and Indicators	"Page Number (or Link)	"Identified Omission(s)	"Reason(s) for Omission(s)	"Explanation for Omission(s)	"External Assurance
MATERIAL ASPECT: CHILD LABOR					
G4-DMA	p.25-26				Yes, p.39
G4-DMA	DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-HR5	p.26				Yes, p.39
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT					
G4-DMA	p.25-26				Yes, p.39
G4-DMA	DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-HR10	p.26				Yes, p.39
MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS					
G4-DMA	DMA-a p.22. Statements in the Operational Policy and the Company Values make this Aspect material				Yes, p.39
G4-DMA	DMA-a p.24. The signatory of UN Global Compact shows this Aspect material				Yes, p.39
G4-DMA	DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-DMA	DMA-b p.22. The material Aspect is managed by yearly Operational plans, including activities, targets and follow-up				Yes, p.39
G4-DMA	DMA-b p.24 The material Aspect is managed by help of a Whistle Blower function on the intranet and by receiving and resolving grievances from external stakeholders				Yes, p.39
G4-DMA	DMA-c p.22. As part of the evaluation of the management approach the management decided during 2013 to implement new company values to ensure behavior in line with the Operational Policy and to conduct an overall Employee Questionnaire during 2014				Yes, p.39
G4-DMA	DMA-c p.24. No reason to change the management approach regarding collection of grievances from external stakeholders				Yes, p.39
G4-HR12	p.24				Yes, p.39
SUB-CATEGORY: SOCIETY Supports reporting to UN Global Compact, Principle no 1 and 10.					
MATERIAL ASPECT: ANTI-CORRUPTION					
G4-DMA	DMA a-b p.24-25				Yes, p.39
G4-DMA	DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-DMA	DMA-c p.25. The management decided after evaluation to adopt a new policy on anti-corruption, start training for specific groups and to develop a new model for supplier assessment				Yes, p.39
G4-S05	p.24				Yes, p.39
MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR					
G4-DMA	DMA a-b p.24-25				Yes, p.39
G4-DMA	DMA-a p.51. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-DMA	DMA-c p.25. The management decided after evaluation to adopt a new policy on anti-competitive behavior and to start training for specific groups				Yes, p.39
G4-S07	p.26				Yes, p.39



DMA and Indicators	"Page Number (or Link)	"Identified Omission(s)	"Reason(s) for Omission(s)	"Explanation for Omission(s)	"External Assurance
MATERIAL ASPECT: COMPLIANCE					
G4-DMA	DMA-a p.17. To meet all legislation is fundamental to the production permits which makes this Aspect material on all production sites				Yes, p.39
G4-DMA	DMA-a p.25. To meet all legislation is fundamental to the company which makes this Aspect material overall				Yes, p.39
G4-DMA	DMA-a p.52. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-DMA	DMA-b p.15. How the material Aspect in forestry and wood supply is managed by control routines				Yes, p.39
G4-DMA	DMA-b p.17. How the material Aspect on the production sites is managed by control responsibilities				Yes, p.39
G4-DMA	DMA-b p.25-26 How the material Aspect on a strategic level is managed by policies and structure				Yes, p.39
G4-DMA	DMA-c p.25-26. Evaluation of the management approach				Yes, p.39
G4-S08	p.26				Yes, p.39
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY					
G4-DMA	p.25-26				Yes, p.39
G4-DMA	DMA-a p.52. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-S09	p.26				Yes, p.39
MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY					
G4-DMA	DMA-a p.22. The company values saying how to behave as an employee in relation to stakeholders and the society make this Aspect material				Yes, p.39
G4-DMA	DMA-a p.24. This Aspect is material as it is important to the company to				Yes, p.39
G4-DMA	DMA-a p.52. G4-20 Internal Material Aspects and G4-21 External Material Aspects receive views on how to perform better				Yes, p.39
G4-DMA	DMA-b p.22. The material Aspect is managed by yearly Operational plans, including activities, targets and follow-up				Yes, p.39
G4-DMA	DMA-b p.24 The material Aspect is managed by receiving and resolving grievances from external stakeholders				Yes, p.39
G4-DMA	DMA-c p.22. As part of the evaluation of the management approach the management decided during 2013 to implement new company values to ensure behavior in line with the Operational Policy				Yes, p.39
G4-DMA	DMA-c p.24. Evaluation of the management approach				Yes, p.39
G4-S011	p.24				Yes, p.39



DMA and Indicators	"Page Number (or Link)	"Identified Omission(s)	"Reason(s) for Omission(s)	"Explanation for Omission(s)	"External Assurance
SUB-CATEGORY: PRODUCT RESPONSIBILITY					
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY					
G4-DMA	p.26				Yes, p.39
G4-DMA	DMA-a p.52. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-PR2	p.26				Yes, p.39
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING					
G4-DMA	p.26-27				Yes, p.39
G4-DMA	DMA-a p.52. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-PR4	p.26				Yes, p.39
MATERIAL ASPECT: MARKETING COMMUNICATIONS					
G4-DMA	p.26-27				Yes, p.39
G4-DMA	DMA-a p.52. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-PR7	p.27				Yes, p.39
MATERIAL ASPECT: CUSTOMER PRIVACY					
G4-DMA	p.26-27				Yes, p.39
G4-DMA	DMA-a p.52. G4-20 Internal Material Aspects and G4-21 External Material Aspects				Yes, p.39
G4-PR8	p.27				Yes, p.39



GRI G4-20 Internal Material Aspects and G4-21 External Material Aspects

G4 Category	G4 Material Aspect	Internally material	Externally material	Materiality to BillerudKorsnäs	Materiality outside the organization
ECONOMIC					
	Economic performance	✓	✓	Fundamental to the company existence and to all business relations. The basis for the company sustainability development.	Fundamental to all business relations.
ENVIRONMENTAL					
	Materials	✓	✓	Fundamental need for the renewable material wood and chemicals for the company production. A high utilization degree of the material is important for costs as well as for the risk of negative environmental impact related to the use in the production.	Suppliers involved in the extraction and production of raw materials risk to negatively impact the environment.
	Energy	✓	✓	Fundamental need for energy for the company production. A high level of efficiency is important for costs as well as for the risk of negative environmental impact related to the use in the production.	Suppliers involved in the extraction and production of energy risk to negatively impact the environment.
	Water	✓	✓	Fundamental need for water for the company production.	Other companies and stakeholders might have interest in the water use and meet the company in local stakeholder groups.
	Biodiversity	✓		Company involvement in forestry planning, logging activities and follow-up based on legislation and certification in order to minimize negative environmental impact.	
	Emissions to air	✓		Company production based on legislation and certification in order to minimize negative environmental impact.	
	Effluents and waste	✓		Company production based on legislation and certification in order to minimize negative environmental impact.	
	Products and services	✓	✓	Products and services in the value chain are material in order to produce packaging solutions with high environmental performance in a LCA perspective.	All companies involved in the value chain should be interested in strengthening the environmental performance for these bio-based products.
	Compliance	✓		Fundamental to the company to apply to legislation and voluntary agreements.	



G4 Category	G4 Material Aspect	Internally material	Externally material	Materiality to BillerudKorsnäs	Materiality outside the organization
	Transport	✓	✓	Products and services in the value chain are material in order to produce packaging solutions with high environmental performance in a LCA perspective.	Transportation companies work to decrease negative environmental impact caused by emissions.
	Supplier assessment	✓	✓	It is important for the company to assess environmental performance among suppliers as it is striving for sustainability in the value chain.	As the company assesses suppliers the results may influence their operations and the business relations.
LABOR PRACTICES					
	Occupational Health & Security	✓		Material to the company and its employees to avoid injuries and to have a healthy and well-functioning work environment.	
	Training and education	✓		Material to develop employee skills and process efficiency.	
	Diversity and equal opportunity	✓		All employees shall have the same opportunities as a basis for the company development.	
	Equal remuneration	✓		For fair treatment of all employees the remuneration shall be equal for men and women in the same type of position.	
	Supplier assessment	✓	✓	It is important for the company to assess labor practices among suppliers as it is striving for sustainability in the value chain.	As the company assesses suppliers the results may influence their operations and the business relations.
	Grievance mechanism	✓		To ensure behavior not in line with the company values is reported it is important to offer a grievance mechanism.	
HUMAN RIGHTS					
	Non-discrimination	✓	✓	According to the company Code of Conduct no discrimination shall occur.	According to the company Code of Conduct and the materiality analysis no discrimination shall occur in the supply chain.
	Child labor avoidance		✓		According to the company Code of Conduct and the materiality analysis no child labor shall occur in the supply chain. Focus outside EU and Northern America.
	Supplier human rights assessments	✓	✓	It is important for the company to assess human rights among suppliers as it is striving for sustainability in the value chain.	As the company assesses suppliers the results may influence their operations and the business relations.
	Grievance mechanism	✓		To ensure behavior not in line with the company values is reported it is important to offer a grievance mechanism.	
SOCIETY					
	Anti-corruption	✓		According to the company Code of Conduct no corruption shall occur.	
	Anti-competitive behavior	✓		According to the company Code of Conduct no anti-competitive behavior shall occur.	



G4 Category	G4 Material Aspect	Internally material	Externally material	Materiality to BillerudKorsnäs	Materiality outside the organization
	Legal compliance	✓		Fundamental to the company to legislation regarding e.g. environment (Miljöbalken), the Forestry Act, anti-competitive behavior and discrimination.	
	Supplier assessments for impacts on society	✓	✓	It is important for the company to assess impacts on society among suppliers as it is striving for sustainability in the value chain.	As the company assesses suppliers the results may influence their operations and the business relations.
	Grievance mechanism	✓	✓	To ensure behavior not in line with the company values is reported it is important to offer a grievance mechanism.	Material to society stakeholders to have the possibility to give their views to the company.
PRODUCT SAFETY					
	Customer health and safety	✓	✓	According to legislation, customer agreements, certification and internal policies material to ensure customer health and safety.	Material to customers to have no negative health and safety impacts
	Product and service labeling	✓		According to legislation, customer agreements, certification and internal policies material to ensure correct product and service labeling.	
	Responsible marketing	✓		According to legislation, customer agreements, certification and internal policies material to ensure responsible marketing.	
	Customer privacy	✓	✓	According to customer agreements, internal policies and confidence among customers material to ensure responsible marketing.	Material to customers to have no negative impact from customer privacy breakages.



Aspect-specific G4-DMA-b Supplier Assessments - Environment, Labor Practices, Human Rights and Social

SYSTEMS USED

Describe the systems used to screen new suppliers using environmental, labor practices, human rights and social criteria. List the environmental, labor practices and human rights criteria used to screen new suppliers.

Labor practices criteria or assessments of impacts for labor practices may cover:

- Employment practices
- Health and safety practices
- Incidents (such as of verbal, psychological, physical, or sexual abuse, coercion or harassment)
- Industrial relations
- Wages and compensation
- Working hours

Human rights criteria or human rights impact assessments may cover:

- Child labor
- Discrimination
- Forced or compulsory labor
- Freedom of association and collective bargaining
- Indigenous rights
- Security practices

Forestry

According to legislation, demand for PEFC certification among contractors, collective agreements for the employees and contractual agreements based on mutual responsibilities all criteria above and more are covered (except industrial relations) by the annual supplier assessment procedures for the forestry contractors. Child and forced labor is not a risk in the operations. Indigenous people are met annually to discuss plans and how to avoid or mitigate negative impact.

Appendixes: Forestry Supplier Evaluation (Leverantörsbedömning) and Wood Purchase Contract (Avtal Avverkningsrätt - Leveransrotköp).

Supply Chain

No new suppliers were introduced during 2013. Actual criteria involve management systems, energy, legality, quality, corrective actions, education, work environment, ethics, human rights, finance and other subjects.

Appendix presented: Logistics Supplier Evaluation

Purchase

In 2013 we screened all new suppliers regarding labor practices (union rights). This is done through normal routine with a check for each supplier and registration in our systems (IFS/Maximo).

PUR_appendix_01: Template used for identification and registration of all new suppliers

By today we do not screen all new suppliers regarding environmental, human rights or social criteria. Although we appreciate that all western European companies and North American companies fulfill requirements regarding human rights.

PROCESSES USED

Describe processes used, such as due diligence, to identify and assess significant actual and potential negative impacts in the supply chain. Negative impacts include those that are either caused or contributed to by the organization, or that are linked to its activities, products, or services by its relationship with a supplier

Forestry

Mainly correct processes are ensured by the legislation, annual supplier assessments, contracts, certification and follow-up. Upon that there is complaints mechanism in place giving stakeholders the possibility to give their view on the performance in the operations. If there are any complaints related to specific contractors they are contacted by BillerudKorsnäs in order to evaluate what has happened and to solve the issue in a proper way.

Supply Chain

The basis for the process is the contract, Logistics Supplier Agreement, and the Handling Manual as guidance for how to find an agreement meeting all demands set. Among the paragraphs in the agreement document there e.g. is one regarding environment and another one aimed for human rights and sustainability. To improve the performance Supplier Evaluations are conducted as well as annual follow-up on environmental impacts from transport emissions related to sustainability targets set for 2020.

Appendixes:

- BillerudKorsnäs Handling Manual
- Logistics Service Agreement

Purchase

In 2013 there were local processes covering this area. The processes are typically named "Manage and evaluate suppliers". The processes and templates are more or less identical. Here we choose to refer to one of the local process (Gävle)

- PUR_Appendix_02: Classification of suppliers
- PUR_Appendix_03: Supplier assessment
- PUR_Appendix_04: Questionnaire for the assessment of suppliers

IDENTIFICATION

Describe how the organization identifies and prioritizes suppliers for assessment of impacts. Assessments may be informed by audits, contractual reviews, two-way engagement, and grievance and complaint mechanisms.

Forestry

All forestry contractors are assessed annually by audits and by contractual reviews. Transport contractors are normally only assessed by contractual reviews.



Supply Chain

The screening system is used to assess during audits at least on third of all suppliers annually representing more than one percent of the total volume of business.

Purchase

In 2013 there were local processes covering this area. The processes are typically named “Manage and evaluate suppliers”. The processes and templates are more or less identical. Here we choose to refer to one of the local process (Gävle)

- PUR_Appendix_02: Classification of suppliers
- PUR_Appendix_03: Supplier assessment
- PUR_Appendix_04: Questionnaire for the assessment of suppliers,

ACTIONS TAKEN

Describe actions taken to address the significant actual and potential negative impacts identified in the supply chain. Explain if the actions are intended to prevent, mitigate, or remediate the impacts. Actions taken may include the adjustment of the organization’s procurement practices, the adjustment of performance expectations, capacity building, training, changes to processes and terminating the relationship with a supplier.

Forestry

There is now a sustainability target introduced to decrease fossil emissions from truck transport. All contracted suppliers shall be assessed every quarter during 2014 and further on according to fuel consumption, transport distances and loads, technical improvement activities etc.

Supply Chain

The most comprehensive action might be the co-ownership in the rail company Scandfibre Logistics AB aimed for building up and run the Rail 11 System for deliveries to a number of terminals in Europe (www.scandfibre.se). This train system helps us achieve efficient logistics while mitigating potentially negative environmental impacts as fossil carbon emissions to the climate change.

Purchase

In 2013 there were local processes covering this area. The processes are typically named “Manage deviations/non-conformities/accidents”. The processes and templates are more or less identical. Here we choose to refer to one of the local process (Karlsborg and Skärblacka)

- PUR_Appendix_05: Environmental, Order, Security and Safety instructions for Suppliers
- PUR_Appendix_06: Corrective and preventive
- PUR_Appendix_07: Instructions for reporting occupational health, environmental, quality

EXPECTATIONS DEFINED

Describe how expectations are established and defined in contracts with suppliers to promote the prevention, mitigation, and remediation of significant actual and potential negative impacts (including targets and objectives).

Forestry

When purchasing cutting rights from forest owners it’s defined which responsibility is placed on BillerudKorsnäs and the forest owner respectively by help of an annex in the contract. Beside economic or practical matters this is mainly about environmental protection to prevent the area from negative impacts. During the process of signing an agreement with contractors for logging etc the system APSE (www.apse.se), which stipulates what should be included in a fair agreement while being business oriented. This is used as a basis for promoting fair business practices and professional work. Upon this it is demanded the forestry contractors shall be certified in accordance with the contractor standard in the PEFC system (www.pefc.ce), which stipulates expectations on the contractor in a number of specific areas regarding environment and social aspects.

Supply Chain

Expectations are defined in the Logistics Service Agreement and the BillerudKorsnäs Handling Manual. Environmental demands to develop sustainable transport solutions causing less negative impact from emissions as well as socially oriented demands, such as no child labor, are presented.

- Appendixes:
- BillerudKorsnäs Handling Manual
- Logistics Service Agreement

Purchase

In 2013 we introduced a common agreement template covering this area. It has been used since introduction but will be fully implemented in 2014. The agreement appendix is called “Purchaser standards for business partners”

PUR_Appendix_09: Purchaser standards for business partners

INCENTIVES

Describe whether suppliers are incentivized and rewarded for the prevention, mitigation, and remediation of significant actual and potential negative impacts.

Forestry

Contractors and transport suppliers are usually not explicitly rewarded but there are incentives for all of them to perform well in order to get new contracts. When it comes to planting there is though a quality related aspect for the payment. As part of the follow-up work there are meetings used for detailed professional feed-back, which in many cases is a strong incentive to perform well. There are better possibilities for a contractor to negotiate if the performance is of high quality.

Supply Chain

No specific incentives except what is written in the contract.

Purchase

No processes identified related incentives

ASSESSMENT PRACTICES

Describe practices for assessing and auditing suppliers and their products and services using environmental, labor practices, human rights and social criteria.

Forestry

There is a specific assessment document and procedure used annually for all contractual agreements with forestry contractors. It specifies a number of demands that shall be followed from day one to ensure the social aspects for employees in the companies are uphold, as collective agreements, assurances, and security arrangements. As well competence, equipment and sub-contractors are checked according to social as well as environmental aspects.



Supply Chain

There is a specific assessment document and procedure used annually for at least one third of all suppliers identified as significant. The procedure specifies a number of demands that shall be followed to ensure the social aspects for employees in the companies.

Purchase

In 2013 there were local processes covering this area. The processes are typically named “Manage and evaluate suppliers”. The processes and templates are more or less identical. Here we choose to refer to one of the local process (Gävle)
PUR_Appendix_03: Supplier assessment
PUR_Appendix_04: Questionnaire for the assessment of suppliers.

SCOPE AND FREQUENCY

List the type, system, scope, frequency, current implementation of assessment and audit, and which parts of the supply chain have been certified and audited. Assessments and audits of suppliers and their products and services may be undertaken by the organization, by a second party or by a third party.

Forestry

All of the forestry contractors are audited annually according to the procedure described above. They are as well internally assessed when it comes to the biological results on the areas where they have operated. As they shall be PEFC certified they are audited by samples from an external certification body.

Supply Chain

The assessment procedures based on audits cover transport suppliers in the supply chain from BillerudKorsnäs production sites to customers or specific terminals for further handling. The frequency is to audit all suppliers identified as significant at least every third year. The audits are conducted by BillerudKorsnäs personnel.

Purchase

In 2013 there were local processes covering this area. The processes are typically named “Manage and evaluate suppliers”. The processes and templates are more or less identical. Here we choose to refer to one of the local process (Gävle)
PUR_Appendix_03: Supplier assessment

IMPACTS OF TERMINATION

Describe the systems in place to assess the potential negative impacts of terminating a relationship with a supplier as a result of impact assessment, and the organization’s strategy to mitigate these impacts.

Forestry

According to the contracts there are paragraphs saying when and how termination may be conducted. If an assessment theoretically should show the quality is far from expected BillerudKorsnäs has the possibility to terminate the contract. Before doing that it is reasonable to discuss the matter with the contractor and decide how the contractor shall reach the expected level of performance.

Supply Chain

According to contracts it is stipulated when and how it is allowed to terminate a relationship.

Purchase

According to contracts it is stipulated when and how it is allowed to terminate a relationship.



BILLERUDKORSNÄS

Sharper brands
Fresher thinking
SMOOTHER JOURNEYS
Greater
BRIGHTER FUTURES
results

BillerudKorsnäs develops and markets materials made from primary fibre and smart packaging solutions that add value all the way home to the customer.

Innovation is our passion
Sustainability is our future