



Work instructions for the Auditing committee

Purpose

The Board of Directors has ultimate responsibility for Billerud's (the Company) organisation and shall therefore check that there are satisfactory controls for risk management, auditing and financial reporting.

The Auditing committee (Committee) shall ensure that the Board meets its responsibility as stated above. The Committee is a sub-committee of the Board and has restricted decision-making rights in issues prescribed by the Board and by these instructions. The work instructions for the Committee shall be established annually by the Board when it also approves other work instructions.

The Committee shall contribute to good financial reporting so as to maintain the market's trust in the Company. Furthermore the Committee shall ensure that a qualified, efficient and independent external audit of the Company is performed and that good communication is maintained between the Board and external auditors.

The Committee shall pay special attention to monitoring accounting principles, risk management and the construction and implementation of internal controls and the resources allocated to them.

The Committee shall prepare questions concerning the selection of auditors and their fees and, via the chairman of the Committee, maintain close contacts with the Company's Compensation committee ahead of the election of auditors at the Annual General Meeting.

Members

The Auditing committee shall be appointed by the Board of Directors and shall comprise four members, including the Chairman of the Billerud Board and one of the employee representatives on the Board. The Board shall also appoint a Chairman of the Committee, who shall not be the Chairman of the Billerud Board. The Committee shall be independent in its relations with the senior management team of the Company.

The Committee may only make a decision when three of its members are present including the chairman. All decisions are by majority voting. If votes are equal, the chairman shall cast the deciding vote.

Each member of the Committee shall immediately inform the Committee and the Board if an issue arises or is considered likely to arise that could result in a conflict of interest with that member's work on the Committee.

The Company's CEO, CFO and other senior executive or external auditor may be called to participate in a meeting of the Committee.



Fees to Committee members

Fees will be decided by the Annual General Meeting as proposed by the Compensations committee.

Meetings

The Committee shall meet at least three times a year in connection with Board meetings. Extra meetings may be called at the request of a Committee member, the CEO, CFO or other external auditor.

The Committee chairman is responsible for leading the meetings. Members shall be given reasonable notice of the timing of meetings. The agenda for a Committee meeting shall be sent to each member at least five working days before the meeting.

The Cederquist law firm shall provide a secretarial service. Minutes shall be made for each meeting.

Areas of responsibility

The committee shall monitor the following areas and make recommendations:

- Internal controls and handling and reporting of financial, legal and operational risks that have significant potential to affect the Company's results
- Auditing and financial reporting
- External audit
- Internal audit
- Issues concerning competition law
- Complaints regarding auditing issues

Internal audit

The Committee shall check that the senior management team stays focused on ensuring that the Company has infrastructure that enables efficient and suitable control systems and assessments of the Company's economic situation and its significant financial, legal and operational risks. Infrastructure refers to organisation, policies, reporting systems, structures for business planning and budgets, IT support, employees, etc. The work assignments of the Committee do not affect the CEO's responsibility in these issues.

The person within the Company who has responsibility for the internal audit and controls shall each year in connection with the production of the Annual Report submit a written report to the Committee about the status on the internal controls.

Auditing and financial reporting

The Committee shall check the Annual Report before it is received by the Board of Directors and provide recommendations for decisions by the Board.

The Committee shall check that the Company's accounting principles follow generally accepted principles – including changes in these principles – and apply them in a correct way.

The Committee shall assess whether the reporting provides a fair picture of the Company's activities.



The Committee shall assess whether the principles used in the interim reports provide a fair picture of the Company's development.

The Committee shall analyse significant commitments and other undertakings and their financial effects.

The Committee shall analyse tax issues that may have a significant impact on the accounts.

External audit

The Committee shall make preparations and recommendations for the election of external auditors, the nature of their assignment and the fees to be paid. The Committee shall liaise with the Nominations committee on these issues.

The Committee shall discuss auditing and verification plans with the external auditors in order to define the auditors' responsibility, their planned auditing work and their risk assessments. The Committee shall give the auditors their views regarding the scope and priorities of the audit.

The Committee may request the auditors to perform additional verifications that the Committee consider to be necessary.

The Committee shall ensure that the auditors' independence is maintained and in this regard pay special attention to the auditors' role as consultants to the Company. The Committee may make decisions regarding the auditors' consulting assignment within the Company – whilst ensuring that the auditors' independence is not compromised.

The Committee shall verify the auditors' reports on internal controls, accounts and financial reporting.

The Committee shall closely check that the co-operation between the auditors and the senior management team works smoothly and that the senior management team follow the guidelines laid down by the auditors.

The Committee shall meet at least twice per year with the auditors and at least one meeting per year shall be without representatives of the senior management team being present.

The auditors shall report to the Committee concerning significant errors in the auditing work and any suspicions of irregularity. Each member of the Committee has the right to request information from the auditors concerning the content of their audit work.

The auditors shall together with the Committee once a year in connection with the inspection of the annual accounts present a special report of their work to the Company's Board of Directors.



Internal audit

The Committee shall ensure that the Company's management is focused on closely monitoring special risk areas of importance for the business. The Committee shall also assess and verify reports and conclusions from internal audits and controls regarding these special risk areas.

Issues concerning competition law

The Committee shall monitor the Company's compliance with the competition law handbook.

Complaints

All complaints about the audit, internal controls or other auditing issues shall be reported to the Committee.

Access to information

The senior management team shall inform the Committee about key decisions concerning business planning or organisational structure that can have significance for risk management, internal controls or auditing. The same applies if the senior management team deviate from established plans and targets within such areas. Members of the Committee shall have the opportunity to check auditing documents, contracts and other relevant information.

If the Committee considers it necessary, independent advice may be obtained on certain issues.

Reports and minutes

Minutes shall be made of all meetings of the Committee. The chairman and one member of the Committee shall sign the minutes.

The Committee shall report regularly in person to the Board of Directors concerning their activities, make proposals on issues that require a decision by the Board, and submit minutes from Committee meetings to the Board for distribution to all Board members.

Information about the composition of the Committee and its work shall be included in the Company's Annual Report. The chairman of the Committee shall make a presentation at the Annual General Meeting.