



## **Corporate governance policy**

### **Background**

Corporate governance comprises the structures and processes by which the company is managed. The goal is to increase the value of the company for the owners and secure the financial strength of the company. The structure and processes define the division of power between the company's owners, Board of Directors, CEO and senior executive team, with the purpose of establishing responsibility and following it up. Senior managers shall also consider the effects on other interested parties, such as customers, employees, suppliers and society.

Good corporate governance is an important objective for Billerud. The owners and financial markets should be made aware that decisions are made on rational grounds, which means that they are good decisions that lead to the company increasing in value. By providing information, good corporate governance leads to better decisions being made and the value of the company increasing. By providing information about conditions and decisions and by evaluating risks in an open way, the company aims to increase trust in the business and its processes, which also enhances value. Control aspects are important for building confidence. Equally, it is obvious that the company will follow laws and statutes.

### **General**

Billerud's internal procedures are governed by applicable legislation, the articles of association and by the company's own Corporate Governance policy, which is determined by the Board.

The Board and CEO are responsible for the management of the company. The senior management team supports the CEO in this work.

The company follows applicable legislation concerning insider trading and rules in accordance with NASDAQ OMX Stockholm's listing contract and "the Swedish code of corporate governance".

### **Owners**

The Annual General Meeting is the highest decision-making body within Billerud. The Meeting takes decisions on the Articles of Association and elects the Board of Directors and the Chairman. The Articles of Association are attached in supplement 1.

The Meeting also elects the company auditors and makes a decision regarding the composition of the elections committee ahead of the next Annual General Meeting.

The owners and financial markets shall be provided with information in accordance with the rules of the NASDAQ OMX Stockholm.



### **The Board of Directors**

The Board consists of nine ordinary members and two deputies. Seven of the Board members are elected by the AGM, and four members, including the two deputies, are appointed by the trade unions. The Board members elected by the AGM are appointed for one year at a time.

The Board monitors Billerud's business and management of the Company and takes decisions in significant areas concerning strategy, investment, organisation and finance.

The Board is responsible for ensuring that the management and organisation of the Company's business is suitable for meeting objectives. The Board is also responsible for ensuring effective supervision of the Company accounts and financial control within the Company.

The Board appoints the CEO, approves the organisational structure of the Company and decides on key policies.

The assignment of the Board is described in the rules of procedure for Billerud AB, which were adopted by the Board at its meeting on 10 June 2009 (Supplement 2).

The Board meets at least seven times per year.

### **Audit committee and audit issues**

The Board is ultimately responsible for ensuring satisfactory control of risk management, reporting, financial accounting and similar issues. In order to support the execution of the Board's supervisory role in audit issues, the Board has established an audit committee. This committee reports to the Board and its decision-making is restricted to specific areas.

The audit committee shall contribute to good financial reporting and ensure that the external audit of the company is efficient and independent and performed by suitably qualified professionals. The committee shall also monitor accounting principles, risk management and internal controls. Finally, the committee shall prepare the ground for selecting auditors and deciding their remuneration.

The audit committee has four members and meets at least three times per year.

To ensure that the actions of the Board and audit committee follow structured procedures, and to meet the information requirements of the Board, Billerud's auditors report on three occasions during the year to the committee and the Board.

### **Compensation Committee**

The Board has set up a compensation committee to propose overall policy for salaries, remuneration and other employment conditions generally within Billerud and approve the CEO's proposals for salaries and remuneration for senior executives within the framework of this policy. The committee makes proposals to the Board, which then makes a decision regarding the CEO's salary and remuneration.

The committee consists of three members and meets at least twice per year.



## **CEO**

The CEO is responsible for the daily management of the company in accordance with the Board's instructions and rules. It is the CEO's obligation to ensure that the Company's accounting methods meet legal requirements and that financial matters are managed in a reliable way.

The tasks of the CEO are described in a supplement to the rules of procedure entitled "Instructions for the CEO", which the Board adopted at its meeting on 10 June 2009 (Supplement 3).

## **Senior management team**

The CEO acts as the chairman of the senior executive team. In addition to the three mill managers, the team includes three business area managers, a finance director and a human resources director.

Within the framework of directives set by the Board, the senior executive team is responsible for planning and following up investments, company acquisitions and sales, establishing and monitoring strategies and budgets, allocating resources, supervising activities and preparing matters addressed by the Board.

The senior management team usually meets once a week, with face-to-face meetings and telephone conferences in alternate weeks. An agenda is set for meetings and minutes are kept.

## **Policies**

The Board and CEO have established various policies that govern the activities of the company. A list of all policies is included in supplement 4.

The Board has approved a corporate governance policy, finance policy, communications policy and business policy. The CEO has approved a risk management and credit policy, and policies for internal communication, purchasing, co-determination in the workplace agreements and other policies relating to personnel.

Solna, Sweden

10 June 2009

The Board of Directors

## **Supplements**

1. Articles of Association
2. Rules of procedure for the Board of Directors of Billerud AB
3. Instructions for the CEO