

Group Directive - Tax

1 Introduction and Purpose

Billerud's vision is to challenge conventional packaging for a sustainable future. The company has a position as a leading, innovative and sustainable player in the global paper and packaging industry with operations and presence around the world. This ambition is governed by our Code of Conduct, which can be found using the following [link](#).

This Group Directive ("Directive") is related to, and aligned with, the Group Finance Policy.

2 Scope and Applicability

The Directive applies to Billerud Aktiebolag and its subsidiaries ("Billerud" or "the Group") and covers Billerud's business activities and operations globally. The Directive applies to all persons working for Billerud or on Billerud's behalf, including board members, employees, interns, and contractors ("Representatives").

The Directive Owner is responsible for the communication and implementation of this Directive. All Billerud Representatives are, however, individually responsible for reading, understanding, and following the Directive.

3 Approach to risk management and governance

The Group's approach to tax and tax risk is monitored by the tax function (being part of Group Finance) and overseen by the CFO and the Audit Committee, which comprises members of the Board of Directors.

We aim to comply with all relevant legal and regulatory taxation requirements and tax governance procedures. All employees are encouraged to take an active role in escalating and enabling any tax issues to be dealt with appropriately. If unclear how escalation shall be handled, Head of Tax shall be consulted.

Tax compliance is generally dealt with at legal entity level or with the assistance of Billerud Financial Services. All other tax issues, including but not limited to restructurings, new establishments, transfer pricing etc. shall be raised to Head of Tax.

Tax may be discussed at the quarterly Audit Committee meetings. Where necessary, tax decisions will be referred to the board of directors.

We obtain advice from appropriately qualified external advisors on specialist tax matters, and we see the input of external advisers as a key source of specific tax expertise to supplement the skills of Group Finance in order to mitigate tax risk. Our use of external advisors means that we have a strong level of tax knowledge available to utilise when required.



4 Our attitude towards tax planning

As part of our commitment to sustainability, we believe the Group should pay the amount of tax legally due in accordance with all applicable worldwide laws. Transactions will not be led by a tax planning purpose. Jurisdictions considered as “tax-havens” and low-tax jurisdictions are not and should not be used unless the business is operating in that territory. Hence, we have a commitment to not transfer value created to low tax jurisdictions.

All tax decisions are made in response to commercial activity and tax is one of many factors taken into consideration when making such decisions. We do not use contrived tax structures that are intended for tax avoidance, have no commercial substance, and do not meet the spirit of local or international law. Where the tax impacts of a transaction are unknown, we will engage with our external tax advisors to provide us with further clarity.

5 Transfer pricing

Billerud’s transfer pricing methodology complies with the OECD Guidelines as it adopts the arm’s length principle across the Group. Our pricing is driven by the activities undertaken and the value created in each part of our business.

The production units perform most of the functions, bear the highest risk and own the most valuable and unique assets in the Group’s business. The value created, the taxable income and the Group’s income tax costs are therefore to a large extent concentrated to Sweden and the US, where most of the production units are located.

Billerud has marketing and sales companies in Europe, Asia, and the US. These companies market and facilitate sales of Billerud’s products. Most of them do not take title of the products.

Billerud also has procurement companies in the Baltics. Other intercompany transactions within the Group are mainly intra-group services.

All transactions are based on the arm’s length principle.

6 The level of risk we are prepared to accept in relation to taxation

We adopt a low-risk approach to our tax affairs. Our attitude to tax risk is centrally governed by our desire to maintain an open and collaborative relationship with tax authorities. We seek to minimise the risk of a dispute with the tax authorities by being open and transparent about our tax affairs and submitting all necessary information in a timely manner.

We have a clear responsibility to fully comply with the laws in the countries in which we operate, and we also choose to do this by respecting not only the letter of the law but also the spirit of the law.

7 Approach towards our dealings with local authorities

We seek to maintain an open and collaborative relationship with all tax authorities and will, where possible, work in real-time with all tax authorities to resolve any tax issues that may arise.



8 Tax reporting and effective tax rate

The Group reports on revenue, operating profit, and tax in the Annual and Sustainability Report, which shows how we pay our corporate income tax on a country-by-country basis, with the highest amount of tax being paid in Sweden where the core of the Billerud business is located. This document also reports on our effective tax rate of the Group.

The Directive relates to the year ended 31 December 2023 and it is provided on behalf of the entities of the Group, which are enumerated in Note P12 of the [Annual and Sustainability Report 2022](#) and any new companies, which may become part of the Group throughout the fiscal year 2023. The Directive is provided pursuant to Paragraph 22(2) Schedule 19, UK Finance Act 2016 and is intended to comply with all other obligations within Schedule 19 Finance Act 2016.

9 Reviews, Controls & Audits

Monitoring of the Directive is done by external auditors within the framework of the annual audit process and can be subject to internal audit controls.

10 Non-compliance and reporting

Billerud's Representatives are encouraged to report breaches (including suspected breaches) of the Directive to their immediate manager, their local HR Business Partner or to the Group's General Counsel or Corporate Compliance Manager. Anonymous reporting can be made through Billerud Confidential Reporting System (Speak-Up Line). Any participation in a violation of this Directive or applicable law may be grounds for disciplinary and/or legal action. If you have questions or feedback on the Directive, please contact the Directive Owner or the Group's Corporate Compliance Manager.

Approved by: Ivar Vatne, CFO

Directive Owner: Dunja Edvinsson, Head of Tax

Date: April 2023

