

# Directors' report

The Board and CEO of BillerudKorsnäs AB (publ), corporate identity number 556025-5001, herewith submit the annual report and consolidated annual accounts for the 2020 financial year. Figures for the previous year are stated in brackets.

This English version is a translation of the Swedish original.

## Operations

BillerudKorsnäs offers packaging materials made from natural cellulose fibre and innovative packaging solutions. We are a leading board and paper producer and create value through our deep knowledge of materials and optimally designed packaging. The packaging market is showing a continued positive long-term trend driven by greater awareness of sustainability, urbanisation and new business models based on digitisation and logistics. In addition to packaging materials, BillerudKorsnäs sells surplus long-fibre pulp and Northern Bleached Softwood Kraft (NBSK), which is not used in its own production. BillerudKorsnäs' base is in Europe, but the group is continuing to become established in other markets, including Asia.

As a consequence of a reorganization on August 1, 2020 BillerudKorsnäs changed its operating segments. The Group has three operating segments: Product area Board, Product area Paper and Solutions & Other.

Product area Board includes the manufacturing and sales of liquid packaging board, cartonboard and containerboard, which are mainly used to produce packaging for liquid food, consumer products and fragile industrial products and food.

Product area Paper includes the manufacturing and sales of premium-grade sack and kraft paper including FibreForm® to selected industry and consumer segments as well as the manufacturing and sales of pulp.

Solutions & Other includes the service offer under Managed Packaging, which helps global brand owners take control of their packaging needs in Asia. It also includes Wood Supply, Scandfibre Logistics AB, rental operations, dormant companies, Group-wide functions, Group eliminations, profit/loss from participation in associated companies as well as results from hedging of the Group's net currency flows and revaluation of accounts receivables and payments from customers.

## Sales volumes by operating segment

| Ktonnes            | 2020         | 2019         |
|--------------------|--------------|--------------|
| Product area Board | 1 842        | 1 665        |
| Product area Paper | 946          | 1 007        |
| <b>Total</b>       | <b>2 788</b> | <b>2 672</b> |

## Net sales by operating segment

| SEKm                   | 2020          | 2019          |
|------------------------|---------------|---------------|
| Product area Board     | 13 600        | 12 861        |
| Product area Paper     | 7 576         | 8 888         |
| Solutions & Other      | 2 750         | 2 854         |
| Currency hedging, etc. | -42           | -158          |
| <b>Total</b>           | <b>23 884</b> | <b>24 445</b> |

## Net sales by region

| SEKm              | 2020          | 2019          |
|-------------------|---------------|---------------|
| Sweden            | 3 724         | 2 810         |
| Germany           | 2 877         | 3 207         |
| China             | 2 500         | 2 614         |
| Italy             | 1 598         | 1 739         |
| United Kingdom    | 1 213         | 1 492         |
| Spain             | 1 264         | 1 388         |
| France            | 1 047         | 1 145         |
| Rest of Europe    | 4 992         | 4 924         |
| Rest of the world | 4 669         | 5 126         |
| <b>Total</b>      | <b>23 884</b> | <b>24 445</b> |

## COVID-19 impact

During the COVID-19 pandemic, BillerudKorsnäs has run its operations without any major disruptions. Precautionary measures have

been taken to safeguard the health of individuals, secure deliveries, support customers and develop contingency plans with regard to critical resources. Some outbound logistical challenges have been faced, but they have been overcome satisfactorily. The financial effects of COVID-19 for BillerudKorsnäs have mainly been related to lower demand and softening of market prices in some segments, as well as delayed maintenance shutdowns. There have been no increases of credit losses.

COVID-19 has impacted the demand for fibre-based products depending on their end markets. Lower demand has been noticeable for products in the industrial segments as well as in consumer segments for food service, fashion carrier bags, and medical and hygiene products. Demand for packaging solutions from apparel and footwear retailers has also declined. For consumer segments like food retail and DIY, COVID-19 has had a neutral to positive effect.

Due to COVID-19, the maintenance shutdowns scheduled in the first half of the year were postponed to the second half of the year. The short notice of rescheduling the maintenance at Gruvön caused a negative effect on the result of around SEK 40 million in the first quarter. It was also assessed to imply an increased negative ramp-up effect of KM7 of SEK 100 million in 2020. The delayed maintenance stops at Gävle, Skärblacka and Pietarsaari resulted in a negative effect of SEK 20 million in the second half of the year.

For further information about COVID-19, see Risk management and sensitivity analysis on page 63.

## Financial targets

To support BillerudKorsnäs' target for profitable growth and return for shareholders, the following financial targets have been established:

- Long-term target for growth of 3–4% per year.
- The EBITDA margin shall exceed 17%.
- Return on capital employed (ROCE) shall exceed 13%.
- Long-term target for interest-bearing net debt in relation to EBITDA should be less than a multiple of 2.5.
- The dividend policy is that the dividend shall be 50% of net profit.

## Sales and earnings

Net sales for 2020 declined by 2%, mainly due to lower market prices in Product area Paper, while sales volumes increased by 4%. Movements in currency rates did not have material impact on net sales. Net sales increased in Product area Board and decreased in Product area Paper.

EBITDA decreased to SEK 2 712 million (2 830), mainly due to lower market prices, partly offset by lower costs for raw materials, higher volumes and cost savings. Adjusted EBITDA, excluding items affecting comparability of SEK 9 million (-1), declined to SEK 2 703 million (2 831). It represented an EBITDA margin and an adjusted EBITDA margin of 11% (12). See note 6 for information about items affecting comparability.

Net financial items totalled SEK -95 million (179). The positive amount in 2019 was due to divided from Bergvik Skog AB of SEK 352 million. Profit before tax was SEK 679 million (1 265) and the estimated tax was SEK -3 million (-254). Net profit for the year totalled SEK 660 million (6 720) and the return on equity was 3% (41). In 2019, net profit included profit from discontinued operations of SEK 5 709 million, primarily related to the divestment of a majority share of Bergvik Skog Öst.

Return on capital employed was 3% (4) and it was the same when adjusting for items affecting comparability.

For 2020, a dividend of SEK 4.30 per share (4.30) is proposed by the Board of Directors. The dividend proposal corresponds to approximately 135% of the Group's net profit.

## Key events 2020

In March and April it was decided to postpone the maintenance shutdowns at Gruvön, Gävle, Skärblacka and Pietarsaari to the second half of the year, due to COVID-19. The changed plans concerning the maintenance stop at Gruvön had a negative financial effect of around SEK 40 million in the first quarter and had repercussions for the ramp-up of KM7 with an estimated negative effect of around SEK 100 million. The postponed maintenance shutdowns at Gävle, Skärblacka and Pietarsaari had a negative financial effect of around SEK 20 million in the second half of the year.

On 25 March, BillerudKorsnäs announced that the Board of Directors had decided to withdraw the previously proposed extra dividend, related to the financial year 2019. The Board's proposal for an ordinary dividend of SEK 4.30 per share remained. It was further announced that the Board of Directors had the ambition to summon the shareholders to an extraordinary general meeting later during 2020 to resolve on an extra dividend, provided that the uncertainty had decreased and the visibility in the market had improved.

At the Annual General Meeting on May 5, Jan Svensson was elected new member of the Board. The Board members Tobias Auchli, Andrea Gisle Joosen, Bengt Hammar, Michael M.F. Kaufmann, Kristina Schau man and Victoria Van Camp and Jan Åström were re-elected. The Annual General Meeting elected Jan Åström as Chairman of the Board and Michael M.F. Kaufmann as Vice Chairman of the Board.

In May, BillerudKorsnäs announced that it had entered into an agreement with UPM that entails an extension of the supply agreement for pulp, steam and electricity for production at BillerudKorsnäs' mill in Pietarsaari. The new contract is based on market terms and applies from June 2020. As part of the agreement, BillerudKorsnäs would pay a compensation of EUR 15 million to UPM and a provision of SEK 160 million was therefore made in the second quarter.

In June, it was announced that a simplified organizational structure would be introduced to create the conditions for increased efficiency. The new organization with three functional areas; Wood Supply, Operations and Commercial, was introduced 1 August. As a consequence of the new organization, the Executive Leadership Team was reduced and Mikael Andersson, EVP Division Board, and Magnus Wikström, EVP Innovation, left the company.

In June, BillerudKorsnäs communicated the launch of Pure Performance, a white top kraftliner, which combines high strength, excellent printability and purity in one material. Pure Performance offers material reduction thanks to its 3-ply construction. It was one of the first products produced by the board machine KM7 at Gruvön and was well received by customers.

On 3 July, BillerudKorsnäs announced that it had changed its accounting method for valuing forest land assets and had made a

valuation of around 36,000 hectares of forest assets, of which around 18,000 hectares are productive forests. The forest land are now valued at fair value, see Note 14 for more information.

On 17 July, it was announced that Christoph Michalski had been appointed President and CEO of BillerudKorsnäs and to start as of 1 November 2020. Christoph Michalski has since 2015 been the CEO and Executive Director of Vinda International Holding, a leading Asian producer of innovative and high-quality tissue and hygiene products, publicly listed on the Hong Kong stock exchange. Before that, he held a series of senior executive positions in the SCA Group, Unilever and Fonterra.

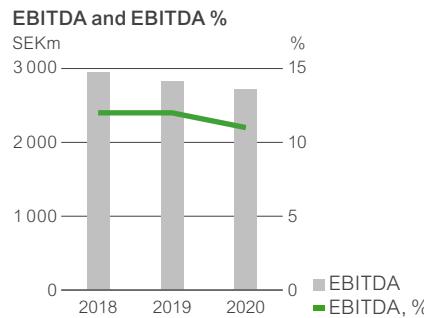
In September, BillerudKorsnäs launched a recyclable flow wrap, a new fibre packaging solution for fast-moving consumer products. This solution enables the transition from conventional plastic to paper and meets medium to high barrier requirements for chocolate cakes, confectionery and bakery products. BillerudKorsnäs' recyclable flow wrap can be installed on existing and new flow wrapping machines.

On 10 September, The Board of Directors decided not to submit a proposal for an extra dividend for 2019 against the assessment that the uncertainty remained high and the visibility in the market was still limited.

On 1 October, a new reporting structure was implemented as a consequence of organizational changes earlier in the year. The three operating segments are Product Area Board, Product Area Paper and Solutions & Other. All comparable figures for 2019 and 2020 in this annual report have been restated according to the new organisation.

On 1 November, Christoph Michalski assumed the position as President and CEO of BillerudKorsnäs. Lennart Holm, who was acting President and CEO from 5 November 2019 to 31 October 2020, and member of the Board of Directors 2012–2020, whereof Board Chairman 2014–2019, remained in the company until the end of 2020.

In December, the subsidiary BillerudKorsnäs Venture agreed to divest its 10.1% ownership in BioBag to Novamont. The divestment was completed in January 2021 and does not impact the result in 2021.



#### Summary

|  | 2020   | 2019 <sup>l</sup> |
|--|--------|-------------------|
| Net sales, SEKm  | 23 884 | 24 445            |
| Operating profit before depreciation/amortisation (EBITDA), SEKm | 2 712  | 2 830             |
| Gross margin (EBITDA), %   | 11%    | 12%               |
| Operating profit/loss, SEKm                                      | 774    | 1 086             |
| Operating margin, %  | 3%     | 4%                |
| Return on capital employed, %                                    | 3%     | 4%                |
| Profit/loss before tax, SEKm                                     | 679    | 1 265             |
| Net profit/loss, SEKm  | 660    | 6 720             |
| Earnings per share, SEK  | 3.19   | 32.50             |

<sup>l</sup> In 2019, net profit and earnings per share were affected by profit from discontinued operations of SEK 5 709 million, primarily related to the divestment of a majority share of Bergvik Skog Öst.

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

|                        | 2020<br>SEKm | 2020<br>% | 2019<br>SEKm | 2019<br>% |
|------------------------|--------------|-----------|--------------|-----------|
| Product area Board     | 1 855        | 14        | 1 771        | 14        |
| Product area Paper     | 1 035        | 14        | 1 400        | 16        |
| Solutions & Other      | -136         |           | -182         |           |
| Currency hedging, etc. | -42          |           | -159         |           |
| <b>Total</b>           | <b>2 712</b> | <b>11</b> | <b>2 830</b> | <b>12</b> |

For quarterly data, see pages 125-126.

#### Operating segments

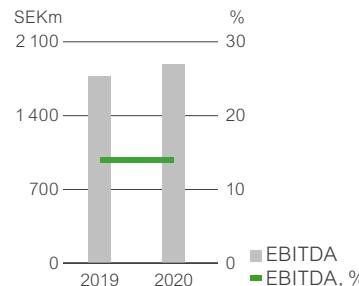
BillerudKorsnäs' result is reported in three operating segments in accordance with IFRS 8: Paper area Board, Paper area Paper and Solutions & Other. See Significant accounting policies from page 78.

#### Product area Board

Net sales rose by 6% compared with 2019. The rise was primarily a result of higher volumes of cartonboard and containerboard.

EBITDA increased by 5% to SEK 1 855 million (1 771). The improvement was mainly due to lower costs and an improved development of the new board machine at Gruvön. Operating profit amounted to SEK 516 million (662).

#### EBITDA and EBITDA %



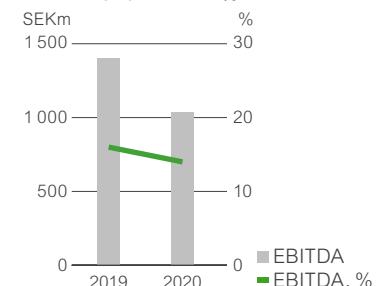
|  | 2020         | 2019         |
|--|--------------|--------------|
| Net sales  | 13 600       | 12 861       |
| Operating expenses, net                          | -11 745      | -11 090      |
| <b>EBITDA</b>                                    | <b>1 855</b> | <b>1 771</b> |
| EBITDA, %  | 14%          | 14%          |
| Depreciation, amortisation and impairment losses | 1 339        | 1 109        |
| <b>Operating profit/loss</b>                     | <b>516</b>   | <b>662</b>   |
| <i>Operating margin</i>                          | 4%           | 5%           |
| <b>ROCE, %</b>                                   | <b>3%</b>    | <b>4%</b>    |
| <b>Sales volumes, ktonnes</b>                    | <b>1 842</b> | <b>1 665</b> |

#### Product area Paper

Net sales fell by 15% compared to 2019. The decrease was mainly due to lower market prices.

EBITDA decreased by 26% to SEK 1 035 million (1 400). Lower market prices were only partly offset by lower raw material costs and cost savings. Operating profit amounted to SEK 558 million (885).

#### EBITDA and EBITDA %



|  | 2020         | 2019         |
|--|--------------|--------------|
| Net sales  | 7 576        | 8 888        |
| Operating expenses, net                          | -6 541       | -7 488       |
| <b>EBITDA</b>                                    | <b>1 035</b> | <b>1 400</b> |
| EBITDA, %  | 14%          | 16%          |
| Depreciation, amortisation and impairment losses | 477          | 515          |
| <b>Operating profit/loss</b>                     | <b>558</b>   | <b>885</b>   |
| <i>Operating margin</i>                          | 7%           | 10%          |
| <b>ROCE, %</b>                                   | <b>10%</b>   | <b>16%</b>   |
| <b>Sales volumes, ktonnes</b>                    | <b>946</b>   | <b>1 007</b> |

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

Net sales were almost unchanged and amounted to SEK 2 708 million (2 696).

EBITDA improved and amounted to SEK –178 million (–341). Earnings were positively impacted by increased currency hedging result and higher earnings from associated companies. Operating profit amounted to SEK –300 million (–461).

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

| SEKm   | 2020        | 2019        |
|--|-------------|-------------|
| Net sales  | 2 708       | 2 696       |
| Operating expenses, net                          | –2 886      | –3 037      |
| <b>EBITDA</b>                                    | <b>–178</b> | <b>–341</b> |
| Depreciation, amortisation and impairment losses | –122        | –120        |
| <b>Operating profit/loss</b>                     | <b>–300</b> | <b>–461</b> |

### Market development

The value of the global packaging market is expected to grow by approximately 3% per year. BillerudKorsnäs has a strong position in attractive segments. In 2020, market conditions were challenging in several segments. Demands was affected by COVID-19, mainly within Product area Paper and Managed Packaging, while the market conditions for most segments in Product area Board were stable. Packaging for food and dairy products is a relatively resilient market segment that accounts for almost a third of the global packaging need.

### Safety and production stability

During 2020 several initiatives have been executed across all mills with aim to increase safety for everyone working at BillerudKorsnäs. The initiatives included standards and rules for increased safety, and also a change in our culture. The number of accidents resulting in absence per million hours worked (LTIFR) for employees was 6.1 (7.3).

Production stability initiatives continue, where we execute similar activities as we implement within safety. The initiatives entail upgrading standards, cooperating with suppliers to increase preventive maintenance and developing our people. The overall equipment efficiency in the Group was slightly higher in 2020 compared to the previous year.

### Growth

Growth, which is measured as the increase in net sales adjusted for additions and deductions with amounts corresponding to the net sales of acquired and divested operations, was –2% in 2020.

| SEKm   | 2020          | 2019          |
|--|---------------|---------------|
| Net sales  | 23 884        | 24 445        |
| Paper Bottle Co A/S (ecoXpac A/S), acquired March 29 and divested July 9, 2019 | –             | –4            |
| <b>Net sales for comparable units</b>  | <b>23 884</b> | <b>24 441</b> |

### Investments and capital employed

Operative investments in property, plant, equipment and intangible assets amounted to SEK 1 250 million (2 868).

In 2020, the focus for the investments was on achieving a more stable and safe production.

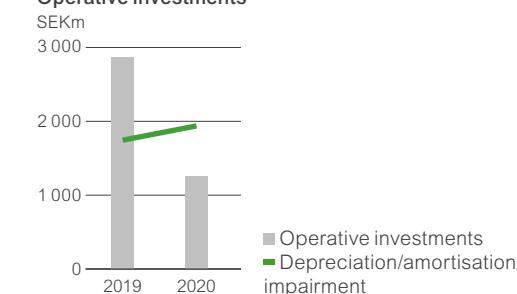
The total investment relating to the new board machine at Gruvön, KM7, amounts to around SEK 7 950 million for the period 2016 to 2020. The total investment amount includes a deduction of approximately SEK 200 million, relating to withheld payments to a supplier in the project. The supplier has raised claims against BillerudKorsnäs for the withheld payments. BillerudKorsnäs has raised claims against the supplier exceeding the withheld payments. The dispute will be tried in legal proceedings.

BillerudKorsnäs' capital employed at 31 December 2020 totalled SEK 24 667 million (24 938). Return on capital employed (ROCE), calculated over the past 12-month period, was 3% (4) and was the same if adjusted operating profit was used in the calculation.

Return on equity was 3% (41). The return on equity in 2019 was impacted by the sale of Bergvik Skog Öst.

Working capital in the fourth quarter was 11% (8) in relation to net sales.

### Operative investments



### Cash flow and financial position

#### Summary Cash Flow Statement

| SEKm   | 2020         | 2019         |
|--|--------------|--------------|
| Operating surplus, etc.                                | 2 406        | 2 674        |
| Change in working capital, etc.                        | –53          | –463         |
| Net financial items, taxes, etc.                       | –22          | 108          |
| <b>Cash flow from operating activities</b>             | <b>2 331</b> | <b>2 319</b> |
| Operative investments                                  | –1 250       | –2 868       |
| <b>Operating cash flow after operative investments</b> | <b>1 081</b> | <b>–549</b>  |

Operating cash flow after operative investments strengthened to SEK 1 081 million (–549). The increased cash flow was mainly due to a normalized investment and working capital level after the KM7 project.

Interest-bearing net debt at 31 December 2020 amounted to SEK 5 373 million (5 476). The Group's net interest-bearing debt in relation to EBITDA at the end of the year was 2.0 (1.9) and the ratio was the same if adjusted EBITDA was used in the calculation.

### Financing

At 31 December 2020, interest-bearing loans totalled SEK 7 325 (7 842) million. Of the interest-bearing loans, bond loans totalled SEK 5 900 million (6 300), commercial papers SEK 0 million (0) and other interest-bearing loans SEK 1 425 million (1 542). Of the bond loans, SEK 800 million is due in 2021, SEK 1 700 million in 2022, SEK 1 800 million in 2023, SEK 600 million in 2024 and SEK 1 000 million in 2025.

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

**Capital Structure, Summary**

| 31 December                                | 2020   | 2019   |
|--|--------|--------|
| Capital employed, SEKm                     | 24 667 | 24 938 |
| <b>Financing:</b>                          |        |        |
| Interest-bearing net debt, SEKm            | 5 373  | 5 476  |
| Interest-bearing net debt/EBITDA, multiple | 2.0    | 1.9    |
| Equity, SEKm                               | 19 294 | 19 462 |
| Net debt/equity ratio, multiple            | 0.28   | 0.28   |

**Currency hedging**

The currency hedging policy is to hedge 0–80% of net flows over the next 15 months. Any deviations from the policy must be approved by the Board of Directors.

Currency hedging had a combined earnings impact of SEK 113 million (−231) for 2020 (compared with if no hedging had taken place).

BillerudKorsnäs' outstanding foreign exchange contracts at 31 December 2020 had a market value of SEK 284 million, of which SEK 63 million is the portion of the contracts corresponding to accounts receivable that has affected earnings in 2020. Other contracts had a market value of SEK 221 million.

The hedged proportion of currency flows and the SEK exchange rates for EUR, USD and GBP at 31 December 2020 are shown in the table below.

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

| Currency  | Total 15 months |       |       |       |       |
|---|-----------------|-------|-------|-------|-------|
|   | Q1–21           | Q2–21 | Q3–21 | Q4–21 | Q1–22 |
| Proportion EUR of net flow                      | 89%             | 83%   | 85%   | 70%   | 8%    |
| Exchange rate                                   | 10.66           | 10.80 | 10.68 | 10.42 | 10.46 |
| Proportion USD of net flow                      | 78%             | 70%   | 52%   | 15%   | -     |
| Exchange rate                                   | 9.35            | 9.71  | 9.32  | 9.02  | -     |
| Proportion GBP of net flow                      | 33%             | -     | -     | -     | -     |
| Exchange rate                                   | 11.17           | -     | -     | -     | -     |
| Market value of currency contracts <sup>1</sup> | 85              | 104   | 67    | 26    | 2     |
|   |                 |       |       |       | 284   |

<sup>1</sup> At 31 December 2020.

**Maintenance shutdowns**

| Production unit | Shutdown cost 2020 | Estimated shutdown cost | Estimated breakdown of shutdown cost |       | Planned dates of maintenance shutdown |      |      |
|-----------------|--------------------|-------------------------|--------------------------------------|-------|---------------------------------------|------|------|
|                 | SEKm               |                         | SEKm                                 | Board | Paper                                 | 2021 | 2020 |
| Gävle           | 167                | ~165                    | ~94%                                 | ~6%   | Q3                                    | Q3   | Q2   |
| Gruvön          | 164                | ~170                    | ~92%                                 | ~8%   | Q2                                    | Q3   | Q3   |
| Frövi           | 138                | ~115                    | 100%                                 |       | Q4                                    | Q4   | Q4   |
| Skärblacka      | 134                | ~120                    | ~12%                                 | ~88%  | Q2                                    | Q4   | Q2   |
| Karlsborg       | 68                 | ~60                     |                                      | 100%  | Q3                                    | Q3   | Q3   |
| Pietarsaari     | 14                 | ~15                     |                                      | 100%  | –                                     | Q4   | –    |
| Rockhammar      | 9                  | ~15                     | 100%                                 |       | Q4                                    | Q4   | Q4   |
| <b>Total</b>    | <b>694</b>         | <b>~660</b>             |                                      |       |                                       |      |      |

Maintenance shutdowns at Beetham have an insignificant effect on BillerudKorsnäs' earnings.

**Tax situation**

BillerudKorsnäs' effective tax rate is normally estimated at 20–22%. The tax expense for 2020 was SEK 3 million (254), equivalent to a tax rate of 0% (20). The low effective tax rate was mainly due to additional recognition of a deferred tax asset in Finland, and re-valuation of deferred tax liabilities, mainly as a result of decreased tax rate in Sweden. The rate of tax in Sweden was 21.4% in 2020 and will be lowered to 20.6% in 2021.

**Environmental and permit issues**

BillerudKorsnäs has six production units in Sweden, one in Finland and one in the UK that require permits under environmental legislation. These permits apply primarily to the production of pulp and paper, and operation of landfills and ports where applicable.

BillerudKorsnäs has all the official permits necessary to conduct operations at the volumes produced in 2020. The production units affect the environment through water discharges and air emissions as well as noise and waste generation. In addition, raw materials are consumed such as wood, chemicals and energy. Inbound and outbound transportation has an indirect environmental impact.

BillerudKorsnäs' Swedish production units have been awarded emission allowances for carbon dioxide within the EU for 2020. The allocation for the eight-year period that begins in 2021 has not been concluded at the end of 2020.

Under Chapter 6 Section 11 of the Annual Accounts Act, BillerudKorsnäs AB (publ) has chosen to prepare the statutory sustainability report as a separate report from the annual accounts on pages 26–42, 63–67, 114–121 and a GRI appendix available at <https://www.billerudkorsnas.com/sustainability>. The report has been prepared in

accordance with the Global Reporting Initiative (GRI) guidelines for sustainability reporting, GRI Standards: Core option.

**Product and process development**

The costs of product and process development, to the extent attributable to research activities, are charged to profit in the year that they arise. In 2020, such costs accounted for approximately 0.5% (0.5) of BillerudKorsnäs' operating costs.

**Seasonal effects**

BillerudKorsnäs' business is to a relatively limited extent subject to seasonal fluctuations. Periodical maintenance shutdowns have the largest impact, as each production unit stops production for around one week. The loss of production results in somewhat lower deliveries over an extended period before, during and after the shutdown. BillerudKorsnäs' costs are relatively stable throughout the year. Fixed costs are slightly lower in the summer, however, due to fewer maintenance projects and holidays. Energy costs are slightly higher in the winter because of higher energy consumption and normally higher energy prices, especially for electricity.

**Maintenance shutdowns**

In addition to ongoing maintenance during production, BillerudKorsnäs' production units normally also require more extensive maintenance at some point during the year. In order to carry out maintenance, production of pulp and paper is stopped. The principal cost items in a maintenance shutdown are loss of volumes arising from the shutdown and fixed costs, mainly maintenance and overtime costs, as well as a certain portion of variable costs including higher consumption of electricity and wood when production is restarted. The effects of shutdowns on earnings vary depending on the extent of measures carried out, their nature and the actual length of the shut-

down. The estimated cost of shutdown is an assessment of the impact on earnings of a normal shutdown, compared to a quarter during which no periodic maintenance shutdown takes place.

#### Other seasonal effects

A considerable share of volumes for BillerudKorsnäs Flute® are used for packaging for exporting fruit from the Mediterranean area. Demand by this group of customers varies with the fruit export season and is usually highest in September to March.

A considerable share of BillerudKorsnäs' sack paper and Quick- Fill® sack paper goes to packaging for cement and building materials. The demand for building materials in Europe is generally higher in May to October.

#### Share structure

At 31 December 2020, the share capital totalled SEK 1 537 642 792, represented by 208 219 834 shares. The number of shares on the market totalled 206 831 912.

During 2020 BillerudKorsnäs transferred 42 140 shares under the long-term incentive programme resolved by the 2017 Annual General Meeting. No shares were repurchased during the year.

At 31 December 2020, BillerudKorsnäs' holdings of treasury shares totalled 1 387 922, representing a decrease of 42 140 shares compared with 31 December 2019. These bought-back shares are held as security for conditional rights in the long-term incentive programmes.

#### Distribution of shares

| 31 December                                  | 2020        |
|--|-------------|
| Registered number of shares at start of year | 208 219 834 |
| Repurchased shares in Company treasury       | -1 387 922  |
| Shares on the market                         | 206 831 912 |

#### BillerudKorsnäs shares

The share capital of BillerudKorsnäs AB is represented by 208 219 834 ordinary shares, of which 1 387 922 are owned by BillerudKorsnäs AB. Each share carries an entitlement to one vote at the Annual General Meeting. Transfer of shares is not restricted by law or by the Company's articles of association.

The two largest shareholders at year-end 2020 were Frapag Beteiligungsholding AG and AMF Pension & Funds. Frapag Beteiligungsholding AG owned 25 000 000 shares, corresponding to 12.1% of the shares in the market at 31 December 2020. At the same time, AMF Pension & Funds owned 21 383 794 shares, corresponding to 10.3% of the shares in the market. No other shareholder owned 10% or more of the total number of shares at 31 December 2020. The Company knows of no agreements between shareholders that may restrict the right to transfer shares. Appointment and dismissal of Board members, and changes to the articles of association, are subject to approval by the Annual General Meeting. Agreements between the Company and other employees that regulate their own resignation or dismissal by the Company conform with normal labour market practice.

#### Parent company

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

Operating profit for 2020 was SEK -129 million (-321). The operating loss includes the effect of hedging contracts and revaluations of trade receivables.

The parent company hedges both its own and the Group's net currency flows. The parent company's earnings include the results of these hedging measures. These earnings were SEK 113 million (-231) in 2020.

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

The average number of employees at 31 December 2020 was 135 (132). Cash and bank balances, and short-term investments totalled SEK 2 836 million (3 260).

#### Risk management in parent company

For a description of the Group's risk management, see the 'Risk management and sensitivity analysis' section. The description applies, where appropriate, to both the Group and parent company. Specific differences concerning the parent company are commented on under this heading.

For an understanding of the risk exposure in the parent company, the following should be taken into account:

#### Customer credit

The parent company's accounts receivable represent approximately 80% of the Group's accounts receivable, because a large share of the production units' accounts receivable are taken over by the parent company after invoicing and are collected by the parent company. However, the risk of any bad debt losses remains with the invoicing company. Of total provision within the Group for doubtful accounts receivable in 2020, SEK 0 million (0) was attributable to the parent company.

#### Exchange rate exposure

All forward foreign exchange contracts for the Swedish operations are taken out by the parent company, while the exposure to payment flows in foreign currency is borne by all the Swedish, Finnish and British production units. Exposure for the parent company is thus lower than that of the forward contracts signed. This applies up to the invoicing date, because the parent company takes over the accounts receivable for the Swedish, Finnish and British production units. At year-end 2020, foreign exchange contracts not yet recognised in profit/loss for the parent company nominally totalled SEK 2 917 million (4 624), which will be recognised in profit/loss in 2021.

#### Interest rate risk

The Group's borrowing is conducted primarily via the parent company and accounted for 100% (100) of the Group's total borrowing at 31 December 2020. As a result, the parent company has the same exposure to changes in interest rates as the Group.

#### Proposed allocation of profit

As shown in Note 22, non-restricted equity in the parent company, BillerudKorsnäs AB, totalled SEK 6 271 million at 31 December 2020.

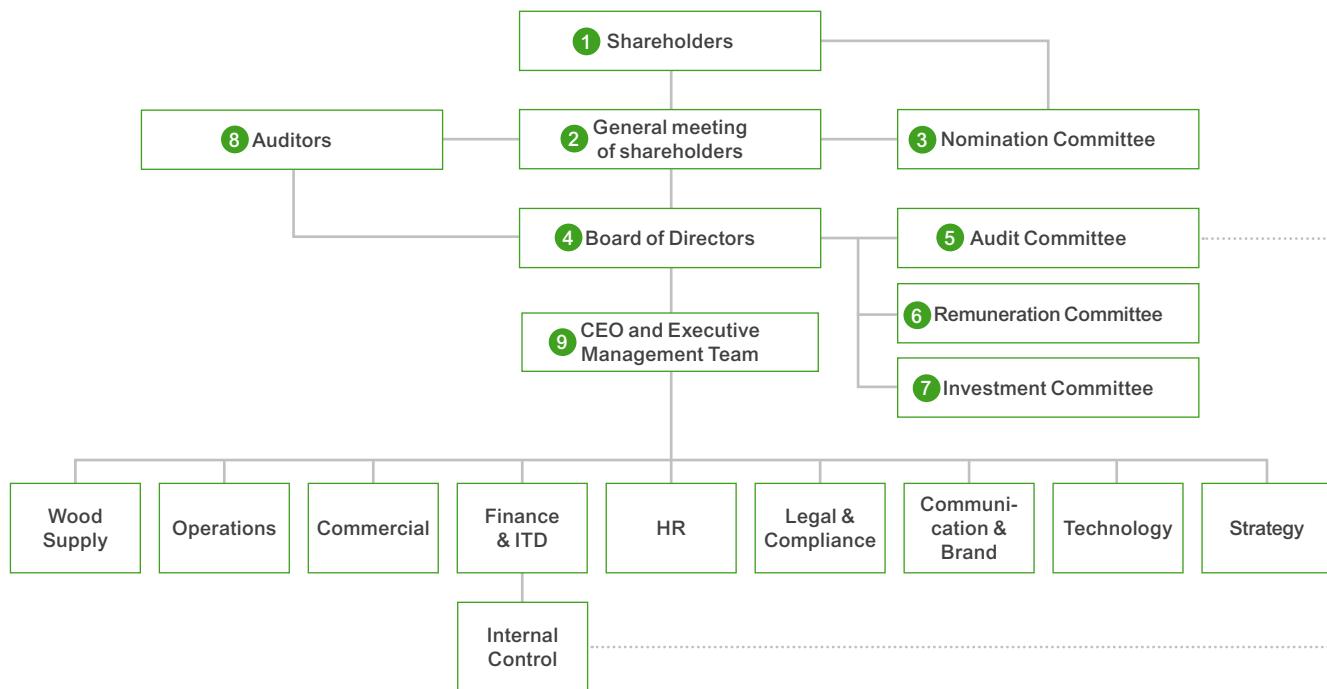
BillerudKorsnäs' financial targets state that dividend is to be 50% of net profit and that the long term ratio of interest-bearing net debt to EBITDA is to be less than 2.5. Group interest-bearing net debt in relation to EBITDA at the end of 2020 was 2.0 (1.9). BillerudKorsnäs' Board of Directors proposes that a dividend of SEK 4.30 per share is paid to shareholders. The dividend proposal corresponds to approximately 135% of the Group's net profit.

#### Events after the close of the financial year

See Note 32 for Events after the end of the period.

# Corporate governance in BillerudKorsnäs

Corporate governance relates to decision-making systems by which the shareholders, directly or indirectly, control the company. The following section provides details about corporate governance within BillerudKorsnäs. This report on BillerudKorsnäs' corporate governance in 2020 has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. The report has been reviewed by BillerudKorsnäs' auditor, see pages 111-113.



## Corporate governance in BillerudKorsnäs

Examples of external regulations affecting BillerudKorsnäs' governance:

- The Swedish Companies Act
- Accounting legislation, including the Swedish Annual Accounts Act and IFRS
- Nasdaq Stockholm's Rulebook for Issuers
- The Swedish Code of Corporate Governance
- Rules on Remuneration of the Board and Executive Management

Examples of internal regulations affecting BillerudKorsnäs' governance:

- Articles of association
- Board of Directors' instructions and rules of procedure
- BillerudKorsnäs' Code of Conduct
- BillerudKorsnäs' internal steering documents

As a publicly traded Swedish company listed on Nasdaq Stockholm, BillerudKorsnäs applies the Swedish Code of Corporate Governance ('the Code'). The Code is available at [www.corporategovernance-board.se](http://www.corporategovernance-board.se), where a description of the Swedish model for corporate governance is also provided.

The Code is based on the principle of "comply or explain". This means that a company that applies the Code may deviate from particular rules but will then have to provide an explanation giving the reasons for the deviation. In 2020, as in previous years, BillerudKorsnäs deviated from the Code's rules that Board members should not also be the chairman of the Nomination Committee. This deviation from the Code is explained in more detail in the Nomination Committee section below. No other deviation from the Code occurred. During the year, BillerudKorsnäs complied with Nasdaq Stockholm's Rulebook for Issuers and good stock market practice.

## 1 Shareholders

BillerudKorsnäs' shares are listed on Nasdaq Stockholm. At year-end 2020, the total number of shareholders was 96 409, compared with 96 846 at the previous year-end. Each share carries an entitlement to one vote. The proportion of foreign ownership was 36.6% (37.3) of the number of shares on the market. Other groups of shareholders consisted of Swedish mutual funds 25.7% (22.0), Swedish individuals including closely held companies 21.6% (24.1) and Swedish institutions 16.1% (16.6). The largest shareholder, Frapag Beteiligungsholding AG, owned 25 000 000 shares, corresponding to 12.1% of shares on the market. The second largest shareholder, AMF Pension & Funds, owned 21 383 794 shares, corresponding to 10.3% of the shares on the market. No other shareholder owned 10% or more of the number of shares at the end of 2020. Further details about the company's shares, shareholders, and the like are presented in the section "BillerudKorsnäs shares", and on the company's website, [www.billerudkorsnas.com](http://www.billerudkorsnas.com).

## 2 General meeting of shareholders

The general meeting of shareholders is the company's highest decision-making body. Shareholders exercise their voting rights at general meetings of shareholders. Notice of general meetings of shareholders is posted on the Company's website and published as an advertisement in The Official Swedish Gazette. An announcement that the notice has been issued is published simultaneously in Svenska Dagbladet.

Normally, the Annual General Meeting (AGM) is held in April or May. The AGM decides on matters such as the adoption of the Company's annual accounts, appropriation of the Company's profits and the discharge of Board members and the CEO from liability for the year.

The AGM also elects members of the Board and auditors and votes on the establishment of a Nomination Committee, fees for the Board of Directors and auditors and guidelines for determining the salaries and other remuneration for the CEO and Executive Management Team. Shareholders attending the AGM also have the opportunity to ask questions about the Group's activities. Resolutions passed at a meeting of shareholders are disclosed after the meeting in a press release, and the minutes of the meeting are published on the Company's website.

#### **2020 Annual General Meeting**

The 2020 AGM took place on 5 May 2020, and addressed matters customarily dealt with at the AGM. The AGM also voted to introduce a long-term incentive programme (LTIP 2020). Precautionary measures with respect to the risk of spreading the corona virus were taken at the meeting, including that the AGM was webcasted and that a minimum number of representatives from the company were present at the meeting. The minutes and other documents from the AGM are available on the Company's website.

#### **2021 Annual General Meeting**

BillerudKorsnäs' 2021 AGM will take place on 5 May 2021 in Stockholm, and notice of the AGM will be made in March/April 2021. Shareholders wishing to add an item to the agenda of the AGM may, in accordance with the instructions on the Company's website, propose the item to the Company no later than seven weeks before the meeting.

Due to the coronavirus pandemic, the Board of Directors has decided that the Annual General Meeting shall be conducted without the physical presence of shareholders, proxies and third parties, and that shareholders shall have the opportunity to exercise their voting rights only by post before the meeting.

Notice of the 2021 Annual General Meeting and more information regarding voting by post and the opportunity to ask questions to the Annual General Meeting can be found on BillerudKorsnäs' website [www.billerudkorsnas.com](http://www.billerudkorsnas.com).

#### **3 Nomination Committee**

The main task of the Nomination Committee is to produce proposals for Board members and auditors, for remuneration to such persons, and a proposal for a chairman for the AGM, prior to the AGM. The current Nomination Committee instructions require BillerudKorsnäs to have a Nomination Committee consisting of four members appointed by the Company's major shareholders. Please see the table below for the composition of the Nomination Committee for the 2021 AGM. For further information about the Nomination Committee instructions, see [www.billerudkorsnas.com](http://www.billerudkorsnas.com).

The Nomination Committee held several meetings prior to the 2021 Annual General Meeting, as well as contacts between meetings by telephone and e-mail. In accordance with instructions on the company's website, shareholders were welcome to present proposals and

opinions to the Nomination Committee by e-mail or post. Under the Code, the Nomination Committee's reasoned statement concerning the Nomination Committee's proposal to the Board should include a brief description of the diversity policy which the Nomination Committee has applied in drawing up its proposal to the Board. The Nomination Committee has stated that it has applied rule 4.1 of the Code as diversity policy during 2020. The objective is that the composition of the Board shall be appropriate, versatile and comprise a diverse set of Board members including in relation to gender, age and nationality, as well as experiences, professional backgrounds and business disciplines matching BillerudKorsnäs' key priorities. There is a special section on the company's website [www.billerudkorsnas.com](http://www.billerudkorsnas.com) headed "Nomination Committee" containing further information about the Nomination Committee and its proposals to the AGM.

#### **Composition of and voting representation on the Nomination Committee**

| Representative        | Shareholder                   | Share of voting power,<br>% <sup>1</sup> |
|-----------------------|-------------------------------|--|
| Michael M.F. Kaufmann | Frapag Beteiligungsholding AG | 12.1                                     |
| Tomas Flodén          | AMF Insurance and Funds       | 10.3                                     |
| Lennart Francke       | Swedbank Robur funds          | 6.6                                      |
| Thomas Wuolikainen    | Fourth AP Fund                | 6.4                                      |

<sup>1</sup> At 31 December 2020.

Board member Michael M.F. Kaufmann was appointed Chairman of the Nomination Committee prior to the 2021 Annual General Meeting. This is a deviation from the stipulation by the Code that a Board member may not be chairman of the Nomination Committee. However, under the Nomination Committee guidelines determined by the AGM, the chairman of the Nomination Committee should be the member appointed by the major shareholder, and it has been considered acceptable that Michael M.F. Kaufmann assumes this position. Michael M.F. Kaufmann has been chairman of the Nomination Committee in recent years.

#### **4 Board of Directors**

##### **Composition**

The articles of association stipulate that the Board of Directors of BillerudKorsnäs has to consist of not fewer than six members and not more than ten members, with no more than six deputies.

The 2020 AGM established that the Board of Directors should consist of eight members and voted to re-elect Board members Tobias Auchli, Andrea Gisle Joosen, Bengt Hammar, Michael M.F. Kaufmann, Kristina Schauman, Victoria Van Camp and Jan Åström and to elect Jan Svensson as a new member of the Board. The Annual General Meeting also decided to elect Jan Åström as Chairman of the Board and Michael M.F. Kaufmann as Deputy Chairman of the Board. The employee organisations have appointed two employee representatives to serve on the Board. These are Gunnevi Lehtinen

Johansson and Nicklas Johansson, and as deputies, Ulrika Gustafsson and Bo Knöös. Other than the employee representatives and their deputies, none of the Board members are employed by the Group. Of the Board members elected by the AGM, three are women and five are men.

The composition of the Board meets the Code's requirements as to independence in relation to the Company, the Company's management and the Company's major shareholders. For further details about the Board of Directors and information on the independence of the Board members, their duties outside the Group and their holdings of shares in BillerudKorsnäs, see the section "Board of Directors" on pages 61-62.

#### **Organisation of the work of the Board**

The Board of Directors is the Company's highest administrative body below the AGM. The Board of Directors is charged with the organisation of the Company and management of the Company's affairs, ensuring that the Company's organisation is structured such that accounting, asset management and the Company's financial affairs otherwise are supervised in a satisfactory manner and with assessing the Company's financial situation on an ongoing basis.

The work of the Board follows written rules of procedure to ensure that the Board obtains information on all issues, and that all aspects of the Company's activities relating to the Board are addressed. The Board has also established a number of general policies for the Company's activities. They include the Company's code of conduct, which summarises the Company's responsibilities, values and goals.

The Board's work follows an annual cycle in order for it to optimally accomplish its tasks. At the beginning of the year, the Board considers the year-end report and the annual report, as well as matters to be submitted to the AGM. At the end of the year, the Board considers the budget for the year ahead. Every quarter, the Board reviews the Group's earnings, and interim reports are approved for publication. An inaugurating Board meeting is held in connection with the AGM at which members of the Board's committees are appointed and the Board decides on matters such as the right to sign on behalf of the Company. Once a year, the Board has a meeting primarily dedicated to strategy issues, and the execution of the key strategic initiatives is subsequently followed up at during the year.

#### **Work of the Board in 2020**

The Board held 19 meetings in 2020, including the inaugurating meeting. For information on attendance at these meetings, see the table below. Before each meeting, Board members received an approved meeting agenda and written material concerning issues to be addressed at the meeting.

The Board addressed, on an ongoing basis, strategic issues relating to the Company's operations and focus, follow-up of previous acquisitions and investments, new investments above a certain level and other matters. An important aspect of the Board's work are the

financial reports that are presented at each ordinary Board meeting. The Board also receives monthly reports on the Company's financial position. At ordinary meetings, reports are submitted about ongoing work relating to Wood supply, Operations, Commercial and Group functions.

One of the top priorities for the Board during the year has been the recruitment of a new CEO, to replace Lennart Holm who has served as interim CEO since 2019. In July 2020, the Board made a decision to appoint Christoph Michalski as new CEO of the Company. Another priority for the Board has also been the corona virus and the effects that this pandemic has had on the company and actions to mitigate negative effects. As a consequence of the increased uncertainty due to the pandemic, the Board took a decision in March to withdraw the initial proposal of an extra dividend in order to protect the financial position and manoeuvrability of the company. During the year, the Board has also worked on preparations for the investment in a new recovery boiler in Frövi, which was announced in January 2021, and has also carefully monitored the continued ramp-up of KM7. The Board also worked on other strategically important issues, such as potential company acquisitions, and projects and initiatives within the areas of sustainability, innovation and digitalization.

In addition to participating in the audit committee meetings, the Company's auditor also participated in a Board meeting at which Board members had the opportunity to ask the auditor questions without representatives of the Company's management being present.

#### **Assessment of the Board and the CEO**

BillerudKorsnäs has procedures for assessing the work of the Chairman and members of the Board each year. The assessment serves as input for an action plan for improvements and as background to

#### **Attendance at Board meetings and committee meetings**

| Member                     | Position        | Board meetings | Audit Committee meetings | Remuneration Committee meetings | Investment Committee meetings |
|----------------------------|-----------------|----------------|--------------------------|---------------------------------|-------------------------------|
| Jan Åström                 | Chairman        | 19/19          |                          | 6/6                             | 5/5                           |
| Michael Kaufmann           | Deputy chairman | 17/19          |                          | 6/6                             |                               |
| Tobias Auchli              | Member          | 19/19          | 7/7                      |                                 | 5/5                           |
| Andrea Gisle Joosen        | Member          | 18/19          | 7/7                      | 6/6                             |                               |
| Bengt Hammar               | Member          | 19/19          |                          |                                 | 5/5                           |
| Lennart Holm <sup>1</sup>  | Member          | 8/8            |                          |                                 |                               |
| Gunnevi Lehtinen Johansson | Member          | 19/19          |                          |                                 |                               |
| Nicklas Johansson          | Member          | 19/19          |                          |                                 |                               |
| Kristina Schauman          | Member          | 18/19          | 7/7                      |                                 |                               |
| Jan Svensson <sup>2</sup>  | Member          | 10/11          |                          |                                 |                               |
| Victoria Van Camp          | Member          | 18/19          |                          |                                 | 4/5                           |

<sup>1</sup> Lennart Holm left the Board at the Annual General Meeting on 5 May 2020

<sup>2</sup> Jan Svensson became a Board member at the Annual General Meeting on 5 May 2020

the Nomination Committee's work as they assemble a Board. With respect to 2020, a detailed assessment of the Board's work was conducted with the aid of an external consultant. The assessment included a careful preparation to assess the most important topics to evaluate and was followed by questionnaires to and interviews with Board members and other important stakeholders, including the Nomination Committee members. The purpose of the assessment is to gain an understanding of how the Board's work is conducted and what measures could be taken to make the work of the Board more effective. It also aims to gain an understanding of whether the composition of the Board is adequate with respect to the company's business and strategy, and to identify areas which may require additional capabilities within the Board or areas which should be accorded more scope and time by the Board. The results of the assessment were discussed by the Board and presented to the Nomination Committee. The Board also continuously assesses the work of the CEO, without the CEO being present. However, with respect to 2020, the Board concluded that there was not sufficient basis for making an assessment of the company's new CEO Christoph Michalski, considering that he joined in November 2020. For 2021, however, the Board will make a customary assessment of the CEO's performance, without the CEO being present in the meeting.

#### **Board committees**

The Board currently has three Board committees as part of efforts to streamline and strengthen the work of the Board on certain issues: a remuneration committee, an audit committee and an investment committee. The committee members are appointed for one year at a time at the inaugurating Board meeting and the work and authority of the committees are regulated by the committee instructions, which are reviewed and adopted annually.

The committees have a preparatory and administrative role. Issues addressed at committee meetings are documented in meeting minutes and reported at the following Board meeting, where resolutions are made (as applicable).

#### **5 Audit Committee**

To support the Board in its role in supervising auditing issues, the Board has appointed a separate audit committee. The audit committee's main role is to contribute to a good standard of financial reporting and to ensure that the Company is audited in a professional, efficient and independent way. Without having an impact on the Board's other responsibilities and tasks, the audit committee has the responsibility to address important accounting issues and general taxation issues that affect the quality of the Company's financial reporting. With regard to financial reporting, particular attention is to be paid to the effectiveness of the Company's internal control and risk management. The audit committee is also charged with assisting in the preparation of proposals for decisions by general meetings on the election and remuneration of auditors.

To ensure that the work of the Board and the audit committee is performed in a structured manner, and to satisfy the Board's information requirements, the Company's auditor reports directly to the audit committee and the Board on certain occasions. The committee continuously reports the results of its work, in the form of observations, recommendations and proposed resolutions and action to the Board, which makes any decisions that result from the committee's work. The audit committee consists of Kristina Schauman (Chairman), Andrea Gisle Joosen and Tobias Auchli. An employee representative attends the meetings of the audit committee.

#### **Work in 2020**

The committee held seven meetings in 2020. During the year, the committee addressed the following auditing topics; audit plan for 2020, enterprise risk management, internal control, financing, currency and energy hedging and tax. The committee met prior to each interim report and the year-end report. These meetings addressed accounting and reporting issues related to the reports. The chairman of the audit committee reported regularly to the Board regarding issues reported on the audit committee meetings. The Board's work on internal control related to financial reporting is summarised in "Internal control and risk management for financial reporting".

#### **6 Remuneration Committee**

The principal function of the remuneration committee is to prepare the Board's decisions on matters relating to remuneration principles, remuneration amounts and other remuneration related employment terms for members of the Executive Management Team. The committee also monitors and evaluates programmes for variable compensation to the Executive Management Team. Further, the Remuneration Committee also monitors and evaluates the implementation of guidelines for remu-

neration to senior executives, remuneration structures and remuneration levels. More specifically, the committee's tasks include proposing a general policy on salaries, remuneration and other employment terms for BillerudKorsnäs' Executive Management Team, make proposals to the Board about the salary and other remuneration to the CEO and, on the recommendation of the CEO, make decisions on salary and other remuneration to the managers who report directly to the CEO. The remuneration committee consists of Board members Jan Åström (Chairman), Michael M.F. Kaufmann and Andrea Gisle Joosen.

#### **Work in 2020**

The committee held six meetings in 2020. In 2020, the committee considered bonus payments with respect to 2019, outcome on LTIP 2017 and prepared a proposal for LTIP 2020 for the AGM. The committee also handled remuneration matters related to the new CEO and other new recruitments to the Executive Management Team, as well as in relation to certain persons that left the Executive Management Team. The committee also put in place a directive on side-line occupation for the Executive Management Team members. The guidelines on remuneration to the CEO and other senior executives, as well as the actual figures, are contained in the section "Remuneration at BillerudKorsnäs" and Note 29.

#### **7 Investment Committee**

The Board has established a special investment committee whose main task is, on behalf of the Board, to examine and prepare certain issues relating to the Company's agenda regarding investments, corporate acquisitions and research and development, as well as assisting management with these issues. The committee consists of Board members Bengt Hammar (Chairman), Victoria van Camp, Tobias Auchli and Jan Åström.

#### **Work in 2020**

The committee held five meetings in 2020. In 2020, the committee focused primarily on matters related to the preparations for an investment decision regarding a new recovery boiler in Frövi, following up on the ramp-up of KM7, strategic wood supply and other potential strategic investments.

#### **8 Auditors**

The Company's auditors are appointed by the general meeting of shareholders. At the 2020 AGM, the audit firm KPMG AB, with principal auditor Ingrid Hornberg Román, was elected as the Company's auditor for the period until the end of the 2021 AGM. Ingrid Hornberg Román is currently also auditor for Apoteket, Linas Matkasse, OK Ekonomisk Förening, RISE Research Institute of Sweden and SOS Alarm.

The auditor's duties include keeping the Board informed regarding the planning, scope and content of the annual audit, auditing interim reports and the year-end accounts in order to assess their accuracy and comprehensiveness and compliance of the accounts with generally accepted accounting practices and relevant accounting policies. Duties also include informing the Board about services provided over and above auditing services, the compensation for such services, and other circumstances affecting the independence of the auditors. To ensure that the work of the Board and the audit committee is performed in a structured manner, and to satisfy the Board's information requirements, BillerudKorsnäs' auditors met with the audit committee on seven occasions and the Board, without the presence of the senior management, on one occasion in 2020.

#### **9 CEO and Executive Management Team**

The Company's Chief Executive Officer (CEO) is appointed by the Board of Directors. In July 2020, after a comprehensive recruitment process, the Board took the decision to appoint Christoph Michalski as new CEO of the Company, replacing Lennart Holm who had served as interim CEO since November 2019. The CEO is responsible for the ongoing management of the Company's and Group's business operations in accordance with instructions and regulations established by the Board. These instructions include responsibility for financial reporting, preparation of information and input for decisions, and ensuring that agreements and other measures do not conflict with applicable legislation or regulations.

The CEO and the Executive Management Team (EMT) are jointly responsible for daily operations. The CEO has appointed an EMT that is responsible for different parts of the business. The EMT consists of the CEO, EVP Commercial, EVP Operations, EVP Wood Supply, EVP CFO, EVP HR, EVP Legal & Compliance, EVP Communication & Brand (from May 2021), EVP Technology, EVP Strategy. For further information about the members of the EMT, see pages 59-60.

The role of the EMT is to establish Group-wide values and a long-term vision, as well as strategies and policies for the Group based on the objectives set by the Board. The EMT sets targets for operational activities, allocates resources and monitors the business' earnings. The EMT is also responsible for investment planning and follow-up, acquisitions and divestments, and for preparations for Board meetings. The EMT is taking active measures to involve employees in developing the corporate strategy and culture and to fulfil its values.

The CEO chairs EMT meetings and makes decisions in consultation with the other senior executives. The EMT usually meets monthly to review the financial performance of the preceding month, update forecasts and plans, as well as to discuss strategic issues. In addi-

tion, the EMT meets weekly for short telephone conferences, and as necessary.

#### **Organization and governance**

As a step in the ongoing process to improve efficiency and enhance the company's ability to adapt to major changes in the outside world, BillerudKorsnäs underwent an organizational re-structuring during 2020. The new organization is built along the business flow around three functional areas: Wood Supply, Operations and Commercial. In parallel, the resources for sustainability and innovation was grouped in a common new function, Sustainability & Strategic Development. The solutions business is an independent unit reporting to the CEO, but not represented in the Executive Management Team. An important element of the company's governance is the steering document framework, which ensures that governing documents in BillerudKorsnäs are established, implemented, applied, monitored and reviewed consistently and appropriately across the Group. The Board has adopted a specific set of eight policies that steer the company on the top level (however below our Code of Conduct); Governance Policy, Responsible Business Policy, Sustainability Policy, Communication & Information Policy, Finance Policy, People Policy, Operations & Quality Policy and Safety Policy.

#### **Guidelines for remuneration to senior executives**

The 2020 AGM adopted guidelines on the remuneration of senior executives in the Group. The guidelines state, for example, that BillerudKorsnäs shall be on market terms as regards compensation levels and terms of employment. The remuneration shall consist of fixed cash salary, variable cash remuneration, pension benefits and other benefits. In addition, the general meeting may resolve on long-term share and share price-related remuneration. The variable cash remuneration to the CEO and EMT members is paid based on outcomes in relation to clearly stated goals and shall amount to a maximum between 30 and 70 per cent of their respective annual fixed cash salary. The pension premiums for defined contribution pension shall amount to a maximum of 30 per cent of the annual fixed cash salary. Other benefits may include, for example, life insurance, medical insurance and company car. In the event of termination of an employment, a notice period of six to twelve months is normally applied and a right to severance pay corresponding to the fixed cash salary for one year if the employment is terminated by BillerudKorsnäs. When termination is made by an EMT member, the notice period may not exceed six months, without any right to severance pay.

For the complete resolution on principles for remuneration for 2020, see Note 29. The Board's proposal for guidelines in 2021 is presented in the section "Remuneration at BillerudKorsnäs".

# Remuneration at BillerudKorsnäs

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

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

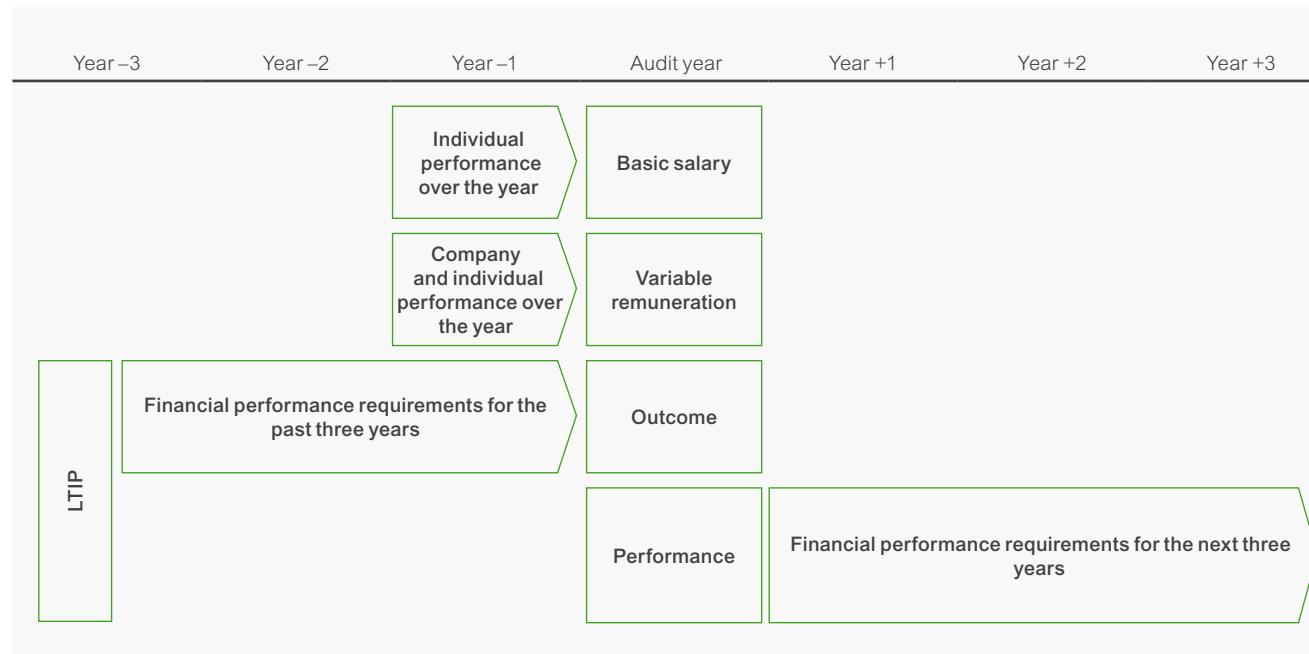
The purpose of the remuneration guideline is to support BillerudKorsnäs by encouraging employees to understand the Group's overall objectives and strategies. The remuneration shall support internal

and external pay equity and create a clear line of sight between performance, pay and development. The remuneration committee aims for remuneration to not be set in an overly automated way and for decisions to not be perceived as arbitrary or unfair.

## Remuneration Components in BillerudKorsnäs

### *Fixed pay*

Fixed pay is based on market pay levels and is set on the basis of a pay scale taking account of experience, skills, performance and area of responsibility. Fixed pay is reviewed annually in the annual



pay review process, where pay is considered in accordance with employee performance and relative pay levels for the role in relation to the external market.

### **Variable pay**

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

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

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

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

### **Retirement**

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

### **Other benefits**

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

#### *Long-term incentive programme (LTIP)*

The 2010–2020 AGMs approved the introduction of long-term incentive programmes (LTIP 2010–2020) for BillerudKorsnäs and, in conjunction with this, a transfer of its own holding of treasury shares. The programme extends to senior executives and other key employees within the BillerudKorsnäs Group. The LTIP has a term of three years, and the outcome depends on meeting different financial and share price performance requirements that are deemed to be of considerable significance in terms of the future development of the Group. To take part in the LTIP, the participants are required to purchase and hold BillerudKorsnäs shares, known as savings shares. The general rule for the LTIP is that for each saving share that participants invest in, partici-

pants may receive allocated shares at the end of the vesting period, at no charge other than relevant benefit taxation handled by local payroll. The maximum number of participants invited to participate in the LTIP are usually 100 participants and the programme gaging consist of three to four categories. Category 1 includes the CEO role, and gives a maximum of 1:6 of saving shares to performance shares at vesting. Category 2 for LTIP 2020 includes the Executives Management Team and other senior management roles such as heads of mills, and gives a maximum of 1:5 saving shares to performance shares at vesting. Category 1–2 may consist of maximum 20 participants. Category 3 for LTIP 2020 include other key employees, and gives a maximum of 1:4 saving shares to performance shares at vesting.

For rights to performance shares under LTIP 2017 to LTIP 2020, the following financial performance objectives are measured:

- (a) BillerudKorsnäs' annual organic growth,
- (b) BillerudKorsnäs' average adjusted EBITDA margin,
- (c) BillerudKorsnäs' sustainability performance (only LTIP 2020).

Performance requirements grant shares on a straight-line basis between minimum and maximum levels. For LTIP 2017–2019, one of the shares is a matching share, that is not dependent of an performance objective. LTIP 2017 to LTIP 2020 are also dependent on total shareholder return (TSR).

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

Percentage of performance criteria set



#### **Guidelines for remuneration of senior executives 2021**

The board proposes that the annual general meeting resolves to adopt the following guidelines for remuneration for the CEO and the other members of the group's Executive Management Team (EMT members). The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2021. The guidelines do not apply to any remuneration approved by the general meeting, for example ordinary board remuneration and BillerudKorsnäs long-term share-related incentive programs.

#### **Long-term incentive programme (LTIP)**

| Programme | Number of participants | Savings shares | Max. allocation of BillerudKorsnäs shares | Percentage of total number of shares/votes | Estimated cost (of which social security costs), SEKm | Maximum cost (of which social security costs). SEKm | Operating profit for 2020 is charged with, SEKm |
|-----------|------------------------|----------------|---|--|---|---|---|
| 2018      | 61                     | 34 398         | 137 592                                   | 0.1%                                       | 4 (2)   | 31 (22)   | 0   |
| 2019      | 80                     | 56 351         | 253 055                                   | 0.1%                                       | 11 (4)  | 55 (31)   | 2   |
| 2020      | 94                     | 67 494         | 311 574                                   | 0.1%                                       | 25 (8)  | 78 (40)   | 5   |

#### **The guidelines' promotion of BillerudKorsnäs' business strategy, long-term interests and sustainability**

BillerudKorsnäs is challenging conventional packaging for a sustainable future and this mission describes the purpose of BillerudKorsnäs' business operations. Profitable growth is essential when challenging less sustainable packaging materials and solutions over time. In order to deliver profitable growth, a goal-oriented and intensive work is being undertaken. BillerudKorsnäs' employees are the people that with a customer focus, are driving the change that is needed to realise the strategy and achieve our ultimate purpose - a sustainable future.

For further information on BillerudKorsnäs' business strategy, see the company's website [www.billerudkorsnas.com/about-us/strategy-platform](http://www.billerudkorsnas.com/about-us/strategy-platform).

A prerequisite for the successful implementation of the BillerudKorsnäs' business strategy and safeguarding of BillerudKorsnäs' long-term interests, including its sustainability, is that BillerudKorsnäs is able to recruit and retain qualified employees with high competence and capacity to achieve set goals. BillerudKorsnäs will challenge conventional packaging for a sustainable future – and it is BillerudKorsnäs' talented and high-performing employees that are the people driving the change that is needed to realise the strategy and achieve this purpose. To achieve this, it is necessary that BillerudKorsnäs offers competitive total remuneration which creates incentives for senior executives to think new, feel responsibility, cooperate and create value. The goal is to create incentives to promote BillerudKorsnäs' business strategy and long-term interests, deliver exceptional results and to link incentives for key persons within BillerudKorsnäs with the shareholders' interests. These guidelines enable this objective and that EMT members can be offered a competitive total remuneration.

#### **Types of remuneration, etc.**

BillerudKorsnäs shall be on market terms as regards compensation levels and terms of employment. The remuneration shall consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Furthermore, the general meet-

ing may resolve on, among other things, share and share price-related remuneration.

The variable cash remuneration to the EMT members is paid based on outcomes in relation to clearly stated goals and shall amount to a maximum of 70 per cent of their respective annual fixed cash salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining EMT members, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 per cent of the annual fixed cash salary. Any resolution on such remuneration shall be made by the board based on a proposal from the remuneration committee.

Decisions on long-term share and share price-related remuneration are made by the general meeting – irrespective of these guidelines. Long-term share and share price-related remuneration shall be designed to ensure long-term commitment to BillerudKorsnäs' development and in order for the CEO and EMT members to have a significant, long-term shareholding in BillerudKorsnäs. The outcome of the long-term share- and share price-related remuneration shall be linked to certain predetermined performance criteria based on BillerudKorsnäs' share price and / or results. For more information about these program, including the criteria for the outcome, see the company's website [www.billerudkorsnas.com/about-us/corporate-governance](http://www.billerudkorsnas.com/about-us/corporate-governance) under the headings "Long-term incentive programs" and "Remuneration".

Pension benefits shall be defined contribution. The pension premiums for defined contribution pension shall amount to a maximum of 35 per cent of the annual fixed cash salary. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions.

Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company car. Premiums and other costs related to such benefits may amount to not more than 40 per cent of the annual fixed cash salary.

### The decision-making process to determine, review and implement the guidelines

The board has established a remuneration committee. The committee's tasks include preparing the board's decision to propose guidelines for executive remuneration. The guidelines shall be in force until new guidelines are adopted by the general meeting. The board shall prepare a proposal for new guidelines where material changes of the guidelines become necessary, and in any case at least every fourth year and submit it to the general meeting.

The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in BillerudKorsnäs. The members of the remuneration committee are independent of the company and its executive management. The CEO and EMT members do not participate in the board's processing of and resolutions regarding remuneration-related matters if they are affected by such matters.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

### Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualised, quantitative or qualitative objectives. The objectives for the group for variable cash remuneration may change

from year to year depending on the group's focus areas and strategic decisions.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other EMT members, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by BillerudKorsnäs.

Variable cash remuneration shall only be paid provided that BillerudKorsnäs' operating profit is positive, and the remuneration committee shall only use its discretion to decide on variable remuneration in accordance with the goals set out above in a way that implies that there is a link between such compensation and BillerudKorsnäs' result.

### Salary and employment conditions for employees

In the preparation of the board's proposal for these remuneration guidelines, salary and employment conditions for employees of BillerudKorsnäs have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report.

### Termination of employment

In the event of termination of an employment, a notice period of a maximum twelve months is applied and a right to severance pay corresponding to a maximum of the fixed cash salary for one year if the employment is terminated by BillerudKorsnäs. When termination is made by an EMT member, the notice period may not exceed six months, without any right to severance pay.

### Remuneration to board members elected by general meetings

Board members elected by general meetings in BillerudKorsnäs shall in special cases be able to be remunerated for services within their respective areas of expertise, which do not constitute board work in BillerudKorsnäs AB. For these services, a market-based fee shall be paid, which must be approved by the board.

### Derogation from the guidelines

The board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve BillerudKorsnäs' long-term interests, including its sustainability, or to ensure BillerudKorsnäs' financial viability. As set out above, the remuneration committee's tasks include preparing the board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

# Internal control and risk management for financial reporting

BillerudKorsnäs' internal control and risk management for financial reporting is designed to manage risks and ensure a high level of reliability in the processes relating to the preparation of financial reports and to ensure that applicable accounting requirements and other requirements of BillerudKorsnäs as a publicly listed company are fulfilled.

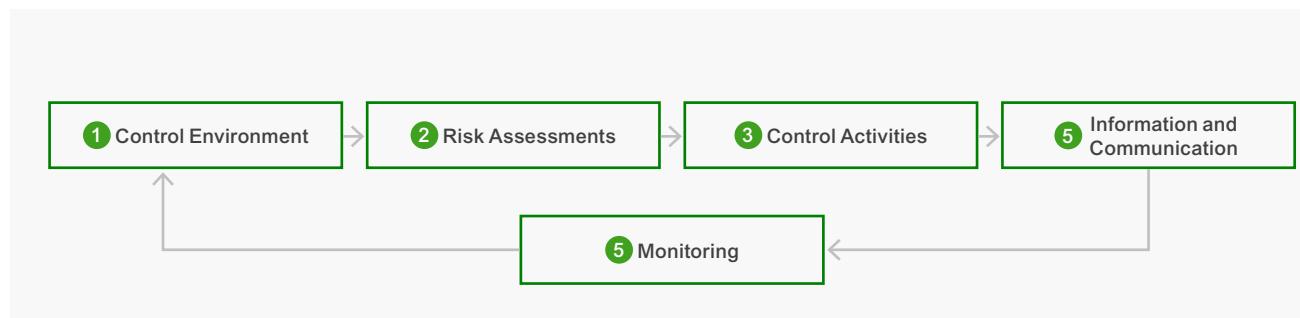
## Financial reporting

The Board is ultimately responsible for the internal control of financial reporting. Responsibility for maintaining an effective control environment is delegated to the CEO, who is responsible for ensuring that a process and organisational structure are in place to ensure the internal control and quality of financial reporting. Specifically, for financial reporting, the Board has established an Audit Committee that assists the Board regarding relevant guidelines and policies and significant reporting principles.

BillerudKorsnäs' internal control work is based on the internal control principles developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). These principles consist of the following five components:

1. Control Environment
2. Risk Assessments
3. Control Activities
4. Information and Communication
5. Monitoring

For more information about BillerudKorsnäs' corporate governance work, please see the section Corporate Governance in BillerudKorsnäs on pages 50-53.



## 1 Control Environment

Control environment encompasses matters such as how targets are set, how valuations are monitored and how risks are managed. A good control environment is based on an organisational structure with clear decision-making paths and a corporate culture with shared values and an awareness among individuals of their role in maintaining good internal control. For the Board of Directors, the CEO and all BillerudKorsnäs' employees, there are steering documents aimed at ensuring clear roles and responsibilities to aid the effective and efficient management of risks identified within the business. The audit committee's main role is to contribute to a good standard of financial reporting and ensure that the Company is audited in a professional, efficient and independent way. The work of the audit committee is described in more detail on page 52.

The Executive Management Team reports regularly to the Board based on predetermined procedures. The audit committee also reports to the Board. The Executive Management Team is responsible for ensuring that essential internal controls are implemented as necessary to manage significant risks in day-to-day activities. This includes Group-wide steering documents to enable individual employees to understand their role in the work in maintaining adequate internal control. Examples are a Code of Conduct, Governance Policy and Finance Policy. BillerudKorsnäs' shared service centre ensures effective and uniform management of financial processes through the development of uniform procedures and control system and creates the necessary documentation. This documentation is updated annually or as necessary to reflect changes to processes and ensure that applicable laws and regulations are followed.

## 2 3 Risk Assessment and Control Activities

Risk assessments are made regularly to identify risks that may arise within BillerudKorsnäs if the internal controls in the financial processes are not effective. BillerudKorsnäs' Enterprise Risk Management (ERM) process is further described in the section Risk

management and sensitivity analysis on page 63. Risks relating to financial and reporting, including risk for errors in the financial reporting, are included in the ERM process.

Control activities aim at preventing, detecting and correcting errors and deviations in financial reporting at each time of reporting. The Company's control activities are part of these accounting and financial reporting processes and include authorisation procedures, bank and account reconciliation, earnings analysis, automated and manual controls and the division of administrative and implementing units.

The Company has an internal control function whose purpose is to ensure good internal control and quality in financial reporting. This function implements processes and regulations that ensure the internal control and quality of financial reporting. This internal control function works to ensure that steering documents are complied with, which is the basis for effective control activities within the main financial reporting processes. As part of the internal control work, a self-assessment is made of internal controls which means that the person responsible for control in each case assesses effectiveness in their controls. Improvement measures are introduced according to a plan which is prepared with the internal control function. The measures are then followed up during the coming financial year, when a new self-assessment is carried out. The results of this work are included in the annual reporting of the internal control function to the Audit Committee, which in turn reports to the Board of Directors. The internal control function therefore constitutes an important tool in the Board's monitoring of internal controls relating to financial reporting.

The Company has an Enterprise Risk Management (ERM) process in place as well as a process for loss prevention and Group-wide

insurance programmes. Within the framework of ERM, material risks of errors in financial reporting are continuously identified and it is ensured that adequate controls are in place.

Material risks are reported to the Board of Directors.

For information regarding financial risks and important items subject to appraisal and assessment, please see the Risk Management and Sensitivity Analysis section and Note 38.

#### 4 Information and Communication

Material governing documents that are of significance to financial reporting are available on BillerudKorsnäs' intranet and management system. Relevant employees are regularly informed of amendments and updates to these.

Work continued during the year to develop the Group's policy framework for the purpose of ensuring completeness and uniformity on formulation, ownership and responsibility for updates. The Board has adopted eight policies. Directives have been updated and aligned to the group common policies and the work to align processes and procedures will continue in 2021.

Both formal and informal information channels carry important information from staff to the Executive Management Team and the Board. For example, BillerudKorsnäs has a whistle-blower function, Speak-Up Line, through which employees and external parties can report suspected irregularities anonymously. The reporting includes an option of anonymous dialogue between the person reporting and the person receiving reports. The channel is known as "The Speak-Up Line".

There is a Communication & Information policy for external communication that ensures that the BillerudKorsnäs meets strict requirements on accurate information for financial markets.

#### 5 Monitoring

The Audit Committee carries out preparatory work prior to the Board's assessment of the information submitted by the Executive Management Team and the company's auditors. The Audit Committee's tasks also include ensuring, on behalf of the Board, that actions are taken concerning the deficiencies and proposed actions identified in the external audit and by the internal control function. See the section "Corporate Governance in BillerudKorsnäs" for further information about the Audit Committee and its work.

##### *Internal audit*

In accordance with paragraph 7.3 of the Swedish Code of Corporate Governance, the Board has evaluated the need for a separate review function (internal audit). Based on a Board decision in December 2019, a separate internal audit or review function has not been in place during 2020. The decision was based on the structural organisation of internal control and the monitoring performed by the functions within Risk Management and controller organisation. In December 2020, the Board decided that a separate internal audit or review function is to be implemented in 2021. The issue of a separate internal audit function is reviewed annually by the board.

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

## **Christoph Michalski**

*President & Chief Executive Officer*

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

*Year employed:* 2020

*Year born:* 1966

*Other assignments:* Board member of Vinda International

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

*Shareholding<sup>2</sup>:* 10 000 shares

## **Helene Biström**

*Executive Vice President Commercial*

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

*Year employed:* 2019

*Year born:* 1962

*Other assignments:* Board member of Boliden AB.

*Background:* CEO Infranord, CEO Norrenergi, Deputy CEO Vattenfall AB.

*Shareholding<sup>2</sup>:* 10 000 shares

## **Uno Brinnen**

*Executive Vice President Wood Supply*

*Education:* MSc in Forestry, Swedish University of Agricultural Sciences (SLU), Umeå. Licentiate Degree in Forestry, Swedish University of Agricultural Sciences, Garpenberg.

*Year employed:* 2012

*Year born:* 1956

*Other assignments:* Board member of Svenska FSC® and Skogforsk. Member of KSLA.

*Background:* Director of Forestry, Korsnäs AB.

*Shareholding<sup>2</sup>:* 1 357 shares

## **Paulina Ekwall**

*Executive Vice President Human Resources*

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

*Year employed:* 2017

*Year born:* 1968

*Other assignments:* –

*Background:* Sr Dir HR Arla Foods AB, VP HR Unilever Nordics, HR Director Nordics Johnson&Johnson Consumer, HR Director Pfizer Health AB

*Shareholding<sup>2</sup>:* 4 000 shares

## **Ulf Eliasson**

*Executive Vice President Technology*

*Education:* MSc, Chalmers University of Technology, Gothenburg.

*Year employed:* 2012

*Year born:* 1962

*Other assignments:* –

*Background:* Executive Vice President Sustainability & Strategic Development, Executive Vice President Sourcing & Technology, Senior Vice President Production BillerudKorsnäs AB, Senior Vice President Consumer Board BillerudKorsnäs AB, Mill Manager Korsnäs AB, Vice President & Site Manager Rolls-Royce AB, Senior Vice President & CEO Stora Enso Skoghall AB.

*Shareholding<sup>2</sup>:* 8 927 shares

## **Tor Lundqvist**

*Executive Vice President Operations*

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

*Year employed:* 2010

*Year born:* 1971

*Other assignments:* –

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

*Shareholding<sup>2</sup>:* 3 798 shares

## **Andreas Mattsson**

*Executive Vice President & General Counsel*

*Education:* Master of Law, Lund University.

*Year employed:* 2013

*Year born:* 1978

*Other assignments:* –

*Background:* Senior Associate, law firm Cederquist.

*Shareholding<sup>2</sup>:* 5 102 shares

## **Ivar Vatne**

*Executive Vice President & Chief Financial Officer*

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

*Year employed:* 2019

*Year born:* 1978

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

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

*Shareholding<sup>2</sup>:* 2 730 shares

<sup>1</sup> Changes in the Executive Management Team in 2021:  
Erik Olsson started as Executive Vice President Strategy on February 1. On May 1 2021, Nina Ekstrand starts as Executive Vice President Communication & Brand and Anna-Maria Tuominen Reini as Executive Vice President Wood Supply (and replace Uno Brinnen who will retire), and both will be part of the Executive Management Team. Helene Biström will leave her employment during 2021 (recruitment is ongoing).

<sup>2</sup> Own and related parties shares.



From left: Uno Brinnen, Ulf Eliasson, Paulina Ekwall, Tor Lundqvist, Christoph Michalski, Ivar Vatne, Andreas Mattsson and Helene Biström.

## Board of Directors



**Jan Åström**  
*Chairman of the Board*

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

*Year born:* 1956

*Other assignments:* Chairman of the Board of Bergvik Skog Öst AB. Member of the Board of ECO Development AB and Frill Holding AB (publ). Chairman of the foundation Central Fund for Employees in Forestry and the Forest Industry, as well as chairman of the Swedish Wrestling Federation.

*Background:* President and CEO of Ahlstrom Munksjö Oyj, SCA AB, Modo Paper AB. Head of Business Group for SCA Fine Paper and Head of SCA Packaging Munksund.

*Elected:* 2018

*Committee assignments:* Chairman of the Remuneration Committee, Member of the Investment Committee.

*Shareholding<sup>1</sup>:* 111 shares

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



**Michael M.F. Kaufmann**  
*Vice Chairman of the Board*

*Education:* MBA, Universities of Stuttgart and Erlangen-Nürnberg.

*Year born:* 1948

*Other assignments:* Chairman of Frapag Beteiligungsholding AG, Frapag America, Inc., Frapag Slovakia and Grimming Holding Romania. CEO of Hartmann Liegenschaftsverwaltung GmbH, Kleinsölk Forstwirtschaftsverwaltung GmbH, MIKA Classic Cars GmbH and MIKA Privatstiftung.

*Background:* Formerly held various managerial positions in Frantschach/Mondi, Vienna, Austria.

*Elected:* 2005

*Committee assignments:* Member of the Remuneration Committee.

*Shareholding<sup>1</sup>:* 22 250 shares

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



**Tobias Auchli**  
*Board member*

*Education:* MA HSG, University of St Gallen.

*Year born:* 1972

*Other assignments:* Chairman of the Board and CEO of Verlumenda SA.

*Background:* Head Innovation and R&D, Global Ice Cream Division, Nestlé SA, Director Corp. Marketing & Innovation Acceleration, Nestlé SA and General Manager Liquid & Dairy Culinary Milks, Nestlé Greater China Region.

*Elected:* 2018

*Committee assignments:* Member of the Audit Committee and the Investment Committee.

*Shareholding<sup>1</sup>:* 0 shares

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



**Andrea Gisle Joosen**  
*Board member*

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

*Year born:* 1964

*Other assignments:* Chairman of Acast AB, Board member of Dixons Carphone PLC, ICA Gruppen AB, James Hardie Industries PLC, Qred AB and Logent AB.

*Background:* CEO of Boxer TV Access AB, Nordic Managing Director of Panasonic, Chantelle and Twentieth Century Fox Home Entertainment. Previously held management positions at Johnson & Johnson and Procter & Gamble. Chairman of the Board of Teknikmagasinet AB, Member of the Board of Mr Green & Co AB.

*Elected:* 2015

*Committee assignments:* Member of the Audit Committee and the Remuneration Committee.

*Shareholding<sup>1</sup>:* 2 350 shares

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



**Bengt Hammar**  
*Board member*

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

*Year born:* 1951

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

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

*Elected:* 2014

*Committee assignments:* Chairman of the Investment Committee.

*Shareholding<sup>1</sup>:* 2 000 shares

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



**Kristina Schauman**  
*Board member*

*Education:* MSc in Economics and Business, Stockholm School of Economics.

*Year born:* 1965

*Other assignments:* Member of the Boards of ÅF Pöyry AB, Coor Service Management AB, BEWI Synbra Group AB, Nordic Entertainment Group AB and Diaverum AB.

*Background:* Various financial managerial positions in Stora Enso, ABB and Investor and executive management positions in OMX AB, Carnegie Investment bank and Apoteket AB.

*Elected:* 2014

*Committee assignments:* Chairman of the Audit Committee.

*Shareholding<sup>1</sup>:* 4 000 shares

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

<sup>1</sup> Own and related parties shares.



**Jan Svensson**  
Board member

*Education:* MSc in Business Administration and Economics, Stockholm School of Economics.

*Year born:* 1956

*Other assignments:* Chairman of the Board of AB Fagerhult, Tomra Systems ASA. Board member in Loomis AB, Assa Abloy AB, Nobia AB, Herenco Holding AB, Stena Metall AB and Climeon AB (publ).

*Background:* CEO of Investment AB Latour, 2003–2019, CEO of AB Sigfrid Stenberg, 1986–2002.

*Elected:* 2020

*Committee assignments:* –

*Shareholding<sup>1</sup>:* 8 000 shares

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



**Victoria van Camp**  
Board member

*Education:* MSc in mechanical engineering and doctorate in machine elements, Luleå University of Technology.

*Year born:* 1966

*Other assignments:* CTO and President, SKF Technology, AB SKF.

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

*Elected:* 2017

*Committee assignments:* Member of the Investment Committee.

*Shareholding<sup>1</sup>:* 600 shares

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



**Nicklas Johansson**  
Board member, employee representative

*Year born:* 1968

*Other assignments:* Chair, Swedish Paper Workers Union local branch 165.

*Background:* –

*Elected:* 2017

*Committee assignments:* Co-opted member of the Investment Committee.

*Shareholding<sup>1</sup>:* 0 shares



**Gunnevi Lehtinen Johansson**  
Board member, employee representative

*Education:* Chemistry studies at Åbo Akademi University, Turku.

*Year born:* 1969

*Other assignments:* Production controller in BillerudKorsnäs.

*Background:* –

*Elected:* 2016

*Committee assignments:* Co-opted member of the Audit Committee.

*Shareholding<sup>1</sup>:* 750 shares



**Ulrika Gustafsson**  
Deputy employee representative

*Education:* Upper secondary school qualification in engineering, Chemistry, various tertiary-level courses.

*Year born:* 1967

*Other assignments:* Chair of Unionen branch BillerudKorsnäs Gävle. Various assignments for Unionen at regional and central level. Board member of Korsnäs Social Fund Foundation.

*Background:* –

*Elected:* 2016

*Shareholding<sup>1</sup>:* 1 000 shares



**Bo Knöös**  
Deputy employee representative

*Year born:* 1964

*Other assignments:* Chair, Swedish Paper Workers Union local branch 96. Member of the steering committee in The Industry Council of Värmland.

*Background:* –

*Elected:* 2017

*Shareholding<sup>1</sup>:* 0 shares

<sup>1</sup> Own and related parties shares.